

August 21, 2012
City Commission Room, 700 N. Jefferson, Junction City KS 66441

Mayor Pat Landes
Vice Mayor Jim Sands
Commissioner Cecil Aska
Commissioner Scott Johnson
Commissioner Jack Taylor
City Manager Gerry Vernon
City Attorney Catherine Logan
City Clerk Tyler Ficken

1. 7:00 P.M. - CALL TO ORDER

- a. Moment of silence
- b. Pledge of Allegiance

2. PUBLIC COMMENT: The Commission requests that comments be limited to a maximum of five minutes for each person.

3. CONSENT AGENDA: All items listed are considered to be routine by the City Commission and will be enacted by one motion. There will be no separate discussion of these items unless a Commissioner so requests, in which event the item will be removed from consent status and considered in its normal sequence on the agenda.

- a. Consideration of Appropriation Ordinance A-16 2012 dated--July 31st-Aug 13th 2012 in the amount of \$846,714.67
- b. Consideration of the August 8, 2012 City Commission Meeting Minutes.
- c. Consideration to purchase a 2006 Ford Crown Victoria and to declare a 1999 Ford F250 as surplus and approve the sale of the vehicle by auction.
- d. Consideration to approve KDOT Grant Application for Airport Fuel Containment Station.

4. APPOINTMENTS:

- a. Appointment to Animal Shelter Board.

5. UNFINISHED BUSINESS:

- a. Approve Bond Ordinance S-3112 on Second Reading
- b. Consideration of Ordinance G-1115 eliminating the requirement for second reading of ordinances on final reading.

6. NEW BUSINESS:

[a.](#) Discussion of city owned building at 701 North Jefferson Street.

7. **COMMISSIONER COMMENTS:**

8. **STAFF COMMENTS:**

9. **ADJOURNMENT:**

Backup material for agenda item:

- a. Consideration of Appropriation Ordinance A-16 2012 dated—July 31st-Aug 13th 2012 in the amount of \$846,714.67

City of Junction City

City Commission

Agenda Memo

August 21 2012

From: Cynthia Sinkler, Water Billing and Accounts Payable Manager
To: City Commissioners
Subject: Consideration of Appropriation Ordinance A-16 2012 dated--July 31st-Aug 13th 2012 in the amount of \$846,714.67

Background: Attached is listing of the Appropriations for --- July 31-Aug 13 2012

Appropriations – July 31st -Aug 13th 2012

EFT Payment due before next commission

Security Bank of Kansas	<u>\$99,965.15 (September)</u>
Visa Card	<u>\$34,125.72</u>
Veolia	\$241,442.67(August)

Bill Due before Next Commission

Nex-Tech	<u>\$181.11</u>
Sam Club	<u>\$278.66</u>
Fuel Bill	<u>\$25,960.38</u>
Transfer Station	<u>\$28,523.51</u>

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
NON-DEPARTMENTAL	GENERAL FUND	FAMILY SUPPORT PAYMENT CENTER (MISSOUR	8/10/12	MACSS #41061331/ CV103-753	154.85
		INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	27,216.60
			8/10/12	SOCIAL SECURITY WITHHOLDIN	4,068.96
			8/10/12	MEDICARE WITHHOLDING	3,539.58
		ING LIFE INSURANCE & ANNUITY COMPANY	8/10/12	ING	2,822.27
		JUNCTION CITY FIREFIGHTERS AID ASSOCIA	8/13/12	FIREFIGHTERS AID ASSOCIATI	107.50
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	3,449.06
			8/10/12	PHS EMP/CHILD	890.92
			8/10/12	PHS EMP/SPOUSE	878.78
			8/10/12	PHS FAMILY	1,757.60
		BUTLER & ASSOCIATES, PA	8/10/12	BUTLER & ASSOCIATES	240.53
		SHEA, CARVER & BLANTON	8/10/12	SHEA, CARVER & BLANTON	286.46
		CITY OF JUNCTION CITY	8/10/12	CITY OF JUNCTION CITY -P&R	55.00
		KANSAS PAYMENT CENTER	8/10/12	GARNISHMENT	484.72
			8/10/12	GARNISHMENT	258.46
			8/10/12	KANSAS PAYMENT CENTER	851.24
		BERMAN & RABIN, P. A	8/10/12	09LM125	343.40
		FIREMEN'S RELIEF ASSOCIATION	8/13/12	FIREMANS RELIEF	190.92
		GEARY COUNTY SHERIFF	8/13/12	BOOKING FEE JULY 2012	1,481.00
		JUNCTION CITY FIRE FIGHTERS ASSOCIATIO	8/13/12	I.A.F.F. LOCAL 3309	924.00
		JUNCTION CITY POLICE	8/13/12	JCPOA	670.00
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	10,574.73
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	1,691.67
			8/10/12	KP&F	11,849.02
			8/10/12	KPERS #2	1,903.68
		FLEXIBLE SPENDING ACCOUNT #41807030	8/10/12	FIRST STATE BANK	1,827.99
		PRE-PAID LEGAL SERVICES,	8/10/12	PREPAID LEGAL	270.02
		ROLLING MEADOWS GOLF COURSE	8/10/12	ROLLING MEADOWS GOLF COURSE	41.66
		KANSAS STATE TREASURER	8/02/12	REINSTATEMENT FEES	596.00
			8/02/12	JUDICIAL EDUCATION FEES	120.00
			8/02/12	LAW ENFORCEMENT FEES	4,755.50
		UNITED WAY OF JUNCTION CITY-GEARY COUN	8/10/12	UNITED WAY	236.90_
				TOTAL:	84,539.02
INFORMATION SYSTEMS	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.	8/13/12	INFORMATION SYSTEMS	14.44_
				TOTAL:	14.44
ADMINISTRATION	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	453.72
			8/10/12	MEDICARE WITHHOLDING	106.11
		ING LIFE INSURANCE & ANNUITY COMPANY	8/10/12	ING	334.62
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	347.93
		CENTURYLINK COMMUNICATION, INC.	8/13/12	ADMINISTRATION	177.75
			8/13/12	ADMINISTRATIVE SERVICES	14.44
			8/13/12	CREDIT FOR RETURNS	135.61-
		MIZE & HOUSER COMPANY	7/31/12	BAL RECONCIL AUDIT FINAL	7,015.00
		GEARY COUNTY TREASURER	8/08/12	W 4TH ST-1-03086 DEC 2010	689.40
			8/08/12	E ASH-1-05330A5-DEC 2010	2,130.20
			8/08/12	E 10TH ST-1-08542-DEC 2010	145.18
			8/08/12	925 N WASH-1-08547-DEC 201	480.08
			8/08/12	917 N WASH-1-08548-DEC 201	362.58
		J.C. ROTARY CLUB	8/07/12	JC ROTARY ANNUAL DUES	175.00
		KANSAS GAS SERVICE	8/13/12	700 N JEFFERSON-JULY 2012	28.84
			8/13/12	701 N JEFFERSON-EDC	36.16
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INSURANCE	42.43
		WESTAR ENERGY	8/13/12	601 E CHESTNUT-JUL 2012	277.66
			8/13/12	617 N WASHINGTON	21.86

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/13/12	700 N JEFFERSON	2,051.02
			8/13/12	MUNICIPAL BLDG-POLE LIGHT	18.70
			8/13/12	701 N JEFFERSON-EDC	307.07
			8/13/12	902 E CHESTNUT-SHH	284.84
			8/13/12	JC ANIMAL SHELTER	578.46
			8/13/12	135 W 7TH ST-OPERA HOUSE	4,942.65
			8/13/12	2718 INDUSTRIAL-VENTRIA	4,952.23
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	214.82
			8/10/12	KPERS #2	409.26
		TMHC SERVICES, INC.	8/13/12	ADMIN FEES	63.00
		CHAMBER OF COMMERCE	8/06/12	NEW TEACHERS BREAKFAST	14.00
		LATHROP & GAGE LLP	7/31/12	SPRNG VL RD JOHNSON TRCT	2,581.97
			7/31/12	GEN BUSINESS MTRS TRU 6/30	9,579.44
		SEARS, ROEBUCK AND CO.	7/31/12	DLVR PKUP CLEAN FREEZER	100.00_
				TOTAL:	38,800.81
BUILDING MAINTENANCE	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	60.04
			8/10/12	MEDICARE WITHHOLDING	14.04
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	154.63
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	9.00
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #2	89.20
		THERMAL COMFORT AIR, INC	7/30/12	JC PET CONTROL, THERMOSTAT	392.53_
				TOTAL:	719.44
PARKS	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	717.56
			8/10/12	MEDICARE WITHHOLDING	167.81
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	773.15
			8/10/12	PHS EMP/CHILD	154.63
			8/10/12	PHS FAMILY	30.93
		CENTURYLINK COMMUNICATION, INC.	8/13/12	PARKS	116.31
		C & M LAWN SERVICES	7/30/12	7/22 - 7/28/12 MOWING	1,280.00
			8/06/12	7/29 - 8/4/12 MOWING	1,859.00
			8/13/12	8/5 - 8/11 2012 MOWING	1,619.00
		DAVE'S ELECTRIC, INC.	7/30/12	PARKS SHOP BUILDING	52.00
		KANSAS GAS SERVICE	8/13/12	2307 N JACKSON	30.13
			8/13/12	1017 1/2 W 5TH ST	27.50
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	48.05
		WESTAR ENERGY	8/13/12	2307 N JACKSON-POLE LIGHTS	293.53
			8/13/12	1021 GRANT-FEMA LAND	27.04
			8/13/12	100 GRANT-WASH-MONT PLAZA	189.36
			8/13/12	CORONADO PARK BATHROOMS	90.36
			8/13/12	CORONADO PARK LIGHTS	14.82
			8/13/12	CORONADO PARK TENNIS LIGHT	19.95
			8/13/12	RIMROCK PARK LIGHTS	104.66
			8/13/12	RIMROCK PARK LIGHTS	288.99
			8/13/12	NORTH PARK LIGHTS	26.93
			8/13/12	NORTH PARK LIGHTS	130.23
			8/13/12	SOUTH PARK LIGHTS	87.11
			8/13/12	SOUTH PARK LIGHTS	74.10
			8/13/12	SOUTH PARK BATHROOM	29.78
			8/13/12	FILBY PARK LIGHTS	69.05
			8/13/12	14TH&CUSTER-FILBY BATHROOM	19.95
			8/13/12	5TH ST PARK-TENNIS	461.39
			8/13/12	5TH&WASHINGTON-HERITAGE	766.73
			8/13/12	5TH ST PARK LIGHT POLES	190.48
			8/13/12	5TH ST PARK LIGHT POLES	161.62

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/13/12	420 GRANT-BRAMLAGE	100.83
			8/13/12	SERTOMA PARK LIGHTS	19.95
			8/13/12	SERTOMA PARK LIGHTS	31.65
			8/13/12	CLEARY PARK LIGHTS	384.99
			8/13/12	CLEARY PLAYGROUND LIGHTS	26.17
			8/13/12	CLEARY PARK BATHROOM	19.95
			8/13/12	1020 W 11TH 1/2-CLEARY BLD	78.61
			8/13/12	RATHERT FIELD LIGHTS	50.44
			8/13/12	RATHERT FIELD	410.50
			8/13/12	RATHERT FIELD LIGHTS	107.73
			8/13/12	1200 N FRANKLIN ST	58.55
			8/13/12	200 N EISENHOWER-SIGN	211.73
			8/13/12	PAWNEE PARK LIGHT	26.17
			8/13/12	NORTH PARK-CONCESION	1,998.15
			8/13/12	302 W 18TH-BUFFALO SOLDIER	289.89
			8/13/12	2301 SVR-PLANTERS	19.00
			8/13/12	930 E GUNNER-PATH LIGHT	83.96
			8/13/12	920 E GUNNER-PATH LIGHT	74.61
			8/13/12	145 E ASH-RIVER WALK	110.21
			8/13/12	1821 CAROLINE AVE-BLUFFS	33.98
			8/13/12	900 W 12TH-PARK LIGHT	19.95
			8/13/12	5TH & EISENHOWER-SIGN	106.43
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	522.37
			8/10/12	KPERS #2	177.39
		NAPA AUTO PARTS OF J.C.	7/30/12	WTRPMP,THERMO,BELT-107	130.22
			7/30/12	BRK LN,FITTING FOR P&R107	4.35
			8/02/12	WIPER MOTOR, CORE DEP.	80.37
		ROTHWELL LANDSCAPE INC	7/25/12	CHESTNUT STREET	294.94
			7/25/12	NORTH PARK FIELD	315.29
			7/25/12	CORONADO PARK	283.69
			7/25/12	FIRE STATION	151.69
			7/31/12	MONTGOMERY PLAZA	58.74
			7/31/12	ROTHWELL LANDSCAPE INC	101.23
			7/31/12	CLEARY PARK	258.75
			7/31/12	CORONADO PARK	71.24
			7/31/12	POLICE DEPT	41.73
			8/06/12	CHESTNUT ZONES	78.75
			7/25/12	WASHINGTON ROUNDABOUT	66.73
		CARY COMPANY	8/02/12	PAPER TOWELS & URINAL SCRE	169.95_
				TOTAL:	16,993.03
SWIMMING POOL	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	671.99
			8/10/12	MEDICARE WITHHOLDING	157.16
		CASH-WA DISTRIBUTING	7/24/12	HD BUNS, PRETZELS, CHIPS,	198.70
			7/24/12	PAPER AND PLASTIC PRODUCTS	132.40
			7/24/12	FUEL SURCHARGE	7.00
		DYLAN MCKENZIE	8/07/12	DYLAN MCKENZIE REINBURSEME	300.00
		CHAD WILLIAMS	8/07/12	CHAD WILLIAMS REINBURSEMEN	300.00
		JENNIFER LANDES	8/07/12	JENNIFER LANDES REINBURSEM	300.00
		KAITLYN MALDONADO	8/07/12	KAITLYN MALDONADO REINBURS	300.00
		SECURITY SOLUTIONS INC	8/13/12	ALARM CITY POOL-1017 W 5TH	15.00
		KANSAS GAS SERVICE	8/13/12	1017 W 5TH	38.32
		WESTAR ENERGY	8/13/12	5TH ST POOL	1,627.83
		SMALL'S PLUMBING	7/27/12	REPLACE T-P VALVE ON WH	15.95
			7/27/12	REPLACE T-P VALVE ON WH	60.00_
				TOTAL:	4,124.35

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
AIRPORT	GENERAL FUND	KANSAS AIR CENTER	8/13/12	AUGUST 2012-MONTH CONTRACT	1,833.33
		KANSAS GAS SERVICE	8/13/12	AIRPORT MAINTENANCE BLDG	28.93
		WESTAR ENERGY	8/13/12	540 W 18TH-AIRPORT MAIN	376.47
			8/13/12	AIRPORT FLASHER LIGHTS	61.07_
				TOTAL:	2,299.80
GOLF COURSE	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	481.52
			8/10/12	MEDICARE WITHHOLDING	112.62
		RMI	8/11/12	GOLF CART REPAIR PARTS	32.97
			8/11/12	GOLF CART REPAIR PARTS	277.49
			8/11/12	GOLF CART REPAIR PARTS	55.32
		RANDYS TREE SERVICE	8/11/12	TREE TRIMMING	150.00
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	309.26
			8/10/12	PHS EMP/SPOUSE	154.63
		CENTURYLINK COMMUNICATION, INC.	8/13/12	GOLF COURSE	152.98
		REGELMAN LIQUOR STORE	8/11/12	BEER SUPPLIES	78.45
		STAPLES ADVANTAGE	8/11/12	THERMAL PAPER/PRINTER INK	273.33
		AGRIUM ADVANCED TECHNOLOGIES	8/11/12	ACELEPRYN INSECTICIDE	880.00
		TOPEKA SOD FARM	8/11/12	SOD AND INSTALLATION	500.00
			8/11/12	SOD AND INSTALLATION	240.00
		CROWN DISTRIBUTORS, INC.	8/11/12	BEER SUPPLIES	106.92
			8/11/12	BEER SUPPLIES	106.92
		FARMERS COOP ASSN	8/11/12	GASOLINE	1,567.50
			8/11/12	FUEL OIL #2	1,202.54
		FLINT HILLS BEVERAGE LLC	8/11/12	BEER SUPPLIES	108.38
			8/11/12	BEER SUPPLIES	135.86
		FOOTJOY	8/11/12	GOLF SHOES	69.00
			8/11/12	FOOTJOY	69.00
		TITLEIST	8/11/12	GOLF BALLS	510.00
			8/11/12	GOLF BALLS	445.54
		GEARY COUNTY RWD #4	8/11/12	RURAL WATER	58.26
		SECURITY SOLUTIONS INC	8/13/12	SECURITY MAINT/MONITORING	79.00
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	33.37
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	162.51
			8/10/12	KPERS #2	280.26
		NCKCN.COM	8/11/12	VIRTUAL DOMAIN	10.00
		SNACK EXPRESS	8/11/12	FOOD / VENDING SUPPLIES	49.40
			8/11/12	FOOD / VENDING SUPPLIES	80.00
			8/11/12	FOOD / VENDING SUPPLIES	44.85
			8/11/12	FOOD / VENDING SUPPLIES	148.00
		TIELKE ENTERPRISE, LLC	8/11/12	SANDWICHES	19.34
			8/11/12	SANDWICHES	47.20
		VAN WALL EQUIPMENT	8/11/12	MOWER REPAIR PARTS	101.77_
				TOTAL:	9,134.19
AMBULANCE	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	46.95
			8/10/12	MEDICARE WITHHOLDING	195.68
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	1,111.05
			8/10/12	PHS FAMILY	154.63
		CENTURYLINK COMMUNICATION, INC.	8/13/12	AMBULANCE	114.96
		EMERGENCY SERVICES SUPPLY	8/07/12	AMBULANCE PURCHASE	151,570.00
		KANSAS GAS SERVICE	8/13/12	700 N JEFFERSON-JAN 2012	28.83
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	102.96
		WESTAR ENERGY	8/13/12	700 N JEFFERSON	2,051.02
			8/13/12	MUNICIPAL BLDG-POLE LIGHT	18.70
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	69.54

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/10/12	KP&F	2,792.17
		OMNI BILLING	8/03/12	JULY 2012 AMB BILLING	3,477.28_
				TOTAL:	161,733.77
COUNTY/INS ZONING SVCS GENERAL FUND		CENTURYLINK COMMUNICATION, INC.	8/13/12	ZONING/COUNTY INSPECTION	14.44
		KEY OFFICE EQUIPMENT	8/03/12	SUPER STICKY POP-UP NOTES	5.18
			8/03/12	NOTE,POST-IT,POP-UP,3X3,P	5.03
			8/03/12	CRTDG,CLJ 5500/5550,MA	76.55_
				TOTAL:	101.20
ENGINEERING	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	122.71
			8/10/12	MEDICARE WITHHOLDING	28.70
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	207.21
		JIM CLARK AUTO CENTER	7/27/12	ENG/CODE TRK720 TIRES, ROT	591.16
			7/27/12	ROTOR AND SPKPLG FOR 720	52.14
			7/30/12	CAP FOR 720	35.67
			7/31/12	WIRE KIT FOR ENG 720	98.54
			8/09/12	GLUE FOR C/E TRK	5.70
		KEY OFFICE EQUIPMENT	8/03/12	CLIP,BINDER,MED,12EA	0.53
			8/03/12	CLIP,BINDER,SM,12EA	0.36
			8/03/12	ROLL,ADD MACHINE,2.25X150	3.11
			8/03/12	SUPER STICKY POP-UP NOTES	5.18
			8/03/12	CLIP,BINDER,MINI,ASST	2.00
			8/03/12	NOTE,POST-IT,POP-UP,3X3,P	5.03
			8/03/12	CRTDG,CLJ 5500/5550,MA	76.55
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	11.77
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	109.58
			8/10/12	KPERS #2	41.45
		KAW VALLEY ENGINEERING, INC	7/31/12	2012 ON CALL	360.00
		THE PRINTERY	8/08/12	250 B.C. BLANK	45.00_
				TOTAL:	1,802.39
CODES ENFORCEMENT	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	207.87
			8/10/12	MEDICARE WITHHOLDING	48.61
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	231.94
			8/10/12	PHS FAMILY	154.63
		CENTURYLINK COMMUNICATION, INC.	8/13/12	CODE ENFORCEMENT	36.09
		F & R SERVICES	8/13/12	315 W 7TH ST	70.00
			8/13/12	1424 ELM CREEK DR	70.00
			8/13/12	139 E 11TH ST	70.00
			8/13/12	1523 RIVENDELL	20.00
			8/13/12	1529 RIVENDELL	20.00
			8/13/12	1535 RIVENDELL	20.00
			8/13/12	1541 RIVENDELL	20.00
			8/13/12	2707 KATHIE	20.00
			8/13/12	2711 KATHIE	20.00
			8/13/12	413 W 15TH ST	70.00
			8/13/12	135 W 11TH ST	70.00
			8/06/12	DEER CREEK ADDITION 1	80.00
			8/06/12	DEER CREEK ADDITION 2	220.00
			8/06/12	DEER CREEK ADDITION 3	200.00
			8/06/12	HICKORY HILLS ADDITION	100.00
			8/06/12	PRAIRIE RIDGE ADDITION 2	250.00
		KEY OFFICE EQUIPMENT	8/03/12	CLIP,BINDER,MED,12EA	0.53
			8/03/12	CLIP,BINDER,SM,12EA	0.36
			8/03/12	ROLL,ADD MACHINE,2.25X150	3.11

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/03/12	SUPER STICKY POP-UP NOTES	5.18
			8/03/12	CLIP,BINDER,MINI,ASST	1.99
			8/03/12	NOTE,POST-IT,POP-UP,3X3,P	5.03
			8/03/12	CRTDG,CLJ 5500/5550,MA	76.56
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	22.78
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	325.63
		REGISTER OF DEEDS	8/07/12	LIENS FILED 08-22-2012	3,564.00
			8/07/12	LIEN RELEASE FILED 08-22-2	8.00_
				TOTAL:	6,012.31
POLICE	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	476.84
			8/10/12	SOCIAL SECURITY WITHHOLDIN	1,107.13
			8/10/12	MEDICARE WITHHOLDING	1,155.47
			8/10/12	MEDICARE WITHHOLDING	312.89
			8/10/12	MEDICARE WITHHOLDING	10.19
		ASSESSMENT STRATEGIES, LLC	8/10/12	PSYCH TEST/INTERVIEW-BIRD	225.00
			8/10/12	PSYCH TEST/INTERVIEW-HORNB	225.00
			8/10/12	PSYCH IPI-HORNBAKER	75.00
			8/10/12	PSYCH TEST/INTERVIEW-RUFFI	225.00
			8/10/12	PSYCH IPI-RUFFIN	75.00
			8/10/12	PSYCH TEST/INTERVIEW VALLO	225.00
		ADI SYSTEMS INC	8/01/12	SI7269 TONER CARTRIDGE REF	44.00
		SUNTRUST EQUIPMENT FINANCE & LEASING C	7/24/12	POLICE SUVS LEASE PURCHASE	29,763.41
			7/24/12	SUPPORTING 911 SYSTEM	34,811.47
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	4,237.05
			8/10/12	PHS EMPLOYEE	1,391.68
			8/10/12	PHS EMPLOYEE	15.26
			8/10/12	PHS EMP/CHILD	146.59
			8/10/12	PHS EMP/CHILD	154.63
			8/10/12	PHS EMP/CHILD	8.04
			8/10/12	PHS EMP/SPOUSE	259.81
			8/10/12	PHS EMP/SPOUSE	38.66
			8/10/12	PHS EMP/SPOUSE	10.79
			8/10/12	PHS FAMILY	154.63
		CENTURYLINK COMMUNICATION, INC.	8/13/12	POLICE	673.54
			8/13/12	DISPATCH	673.54
		DUSTIN FISHER	8/10/12	2012 EQUIPMENT ALLOWANCE	200.00
		TRAVELERS	8/06/12	INSURANCE F9X2239	306.00
		JASON EVERSON	8/07/12	2012 EQUIPMENT ALLOWANCE	63.47
		CONTINENTAL PROFESSIONAL LANDRY	8/06/12	108220 UNIFORM CLEANING	37.00
			8/06/12	108221 UNIFORM CLEANING	25.90
			8/06/12	108222 UNIFORM CLEANING	16.65
			8/06/12	108223 UNIFORM CLEANING	20.35
			8/08/12	108341 UNIFORM CLEANING	38.85
			8/08/12	108342 UNIFORM CLEANING	7.40
			8/08/12	108343 UNIFORM CLEANING	25.90
			8/08/12	108344 UNIFORM CLEANING	22.20
			8/10/12	108359 UNIFORM CLEANING	29.60
		STATE OF KANSAS-DIVISION OF VEHICLES	8/01/12	VEHICLE TAGS	205.00
		KA-COMM	8/10/12	109861 DATA BACKBONE SYSTE	150.00
			8/10/12	109861 DATA BACKBONE SYSTE	150.00
			8/10/12	109884 ANTENNA #206	410.00
			8/10/12	109888 COIL CORD	22.82
			8/10/12	109901 RADAR REPAIR #206	80.00
		THAD JONES	8/08/12	2012 EQUIPMENT ALLOWANCE	161.19
		GALLS INC	8/02/12	512331476 HOBBLE STRAPS PA	179.90

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
		GEARY COUNTY SHERIFF	8/13/12	JAIL EXPENSE JULY 2012	30,000.00
		TELVENT DTN	8/10/12	3789427 WEATHER RADAR	144.00
		KEY OFFICE EQUIPMENT	8/10/12	BOXES/LAMINATING BADGES	43.86
			8/10/12	CARTRIDGE	151.75
			8/07/12	10667 TONER CARTRIDGE, MAT	267.23
			8/07/12	10667 TONER CARTRIDGE, MAT	151.75
		KANSAS GAS SERVICE	8/13/12	312 E 9TH	39.23
			8/13/12	210 E 9TH	76.54
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	476.83
			8/10/12	ADVANCE LIFE INUSRANCE	140.35
			8/10/12	ADVANCE LIFE INUSRANCE	3.58
		WESTAR ENERGY	8/13/12	210 E 9TH-JCPD	3,183.54
			8/13/12	312 E 9TH-JCPD STORAGE	349.86
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	593.50
			8/10/12	KPERS #1	951.56
			8/10/12	KP&F	13,441.95
			8/10/12	KP&F	876.17
			8/10/12	KP&F	123.09
			8/10/12	KPERS #2	40.03
			8/10/12	KPERS #2	603.76
		NAPA AUTO PARTS OF J.C.	8/03/12	222226 SOLENOID #221	25.38
			8/03/12	238254 HORN RELAY #214	10.81
			8/03/12	238261 RELAY #214	7.78
			8/03/12	238366 A/TRANS SEAL #219	3.59
			8/03/12	238374 A/TRANS SEAL #219	7.47
			8/03/12	238511 DUAL FAN ASSMBLY #2	334.00
			8/03/12	238366 A/TRANS SEAL #219	3.59-
			8/03/12	238685 RADIATOR FAN ASSY #	334.00
			8/03/12	239481 PINION SEAL #214	8.45
			8/03/12	239519 DUAL FAN ASSEMBLY #	357.31
			8/03/12	239688 RADIATOR FAN ASSY #	334.00-
			8/03/12	239955 OIL SEAL #214	3.59
			8/03/12	240330 BRAKE PADS #212	40.19
			8/03/12	240384 DISC BRAKE PADS #20	61.99
			8/03/12	240519 BRAKE PADS #208	57.42
			8/03/12	240567 PINION SEAL #212	25.52
			8/03/12	240593SYNGEAR OIL/EQUA-TOR	34.76
			8/03/12	240871 SOLENOID/AIR FILTER	44.21
		PDQ EMERGENCY PRODUCTS	8/13/12	16759 BODY ARMOR	1,137.84
		THE PRINTERY	8/07/12	22472 BUSINESS CARDS BRECI	45.00
		SERVICEMASTER	8/08/12	AUG 2012-JANITORIAL SERVIC	754.00
		WEST PAYMENT CENTER	8/13/12	825425065 CLEAR SUBSCRIPTI	158.55_
				TOTAL:	133,420.70
FIRE	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	236.60
			8/10/12	MEDICARE WITHHOLDING	897.36
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	3,682.48
			8/10/12	PHS EMP/CHILD	154.63
		CENTURYLINK COMMUNICATION, INC.	8/13/12	FIRE	114.96
		KANSAS GAS SERVICE	8/13/12	700 N JEFFERSON-JAN 2012	28.83
			8/13/12	2245 LACY DR-FIRE	123.57
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	331.50
		WESTAR ENERGY	8/13/12	700 N JEFFERSON	2,051.02
			8/13/12	MUNICIPAL BLDG-POLE LIGHT	18.70
			8/13/12	2245 LACY-FIRESTATION#2	1,074.99
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	69.54

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/10/12	KP&F	10,505.70
		THE PRINTERY	8/08/12	500 B.C. ROOK	65.00_
				TOTAL:	19,354.88
STREET	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	824.82
			8/10/12	MEDICARE WITHHOLDING	192.92
		BEN KITCHENS PAINTING CO	7/31/12	LAMPPPOST PAINTING 06-12-12	300.00
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	1,179.07
			8/10/12	PHS EMP/SPOUSE	57.99
		JIM CLARK AUTO CENTER	7/16/12	BATTERIES-SIRENS,TRKS,TRAC	90.00
			8/01/12	BATTERIES FOR SIRENS,TRKS,	351.84
		C & M LAWN SERVICES	8/06/12	7/29 - 8/4/12 MOWING	470.00
		SHILLING ASPHALT INC	7/28/12	1700 BLK OF N ADAMS-ASPHAL	596.40
		ROGER CRANSTON DBA RNS TOOLS	7/31/12	SOLUS ULTRA,SCANER,CABL,KE	1,559.95
		J & A TRAFFIC PRODUCTS	8/03/12	WHITE/GREEN PAINT	330.00
		ROBERTS TRUCK CENTER	7/10/12	TRK687 - MUFFLER, CLAMP	319.92
			7/31/12	P011-433;SHOP JACK & OIL H	4,200.00
		DAVE'S ELECTRIC, INC.	8/10/12	E ASH ST LIGHT POLES	617.00
			7/25/12	INSTALLED WIRE BOXES IN JC	386.40
			8/06/12	CHECK TIME CLK/VOLTAGE-ARM	52.00
			8/10/12	SOUTHWIND DRIVE SIREN	507.00
		F & R SERVICES	8/13/12	600 BLOCK E 7TH ST-ROW	15.00
			8/13/12	603 SKYLINE DRIVE	10.00
			8/13/12	714 SKYLINE DRIVE	10.00
			8/13/12	GOLDENBELT BLVD-ROW	300.00
			8/13/12	ASH STREET(600 BLOCK)	15.00
			8/13/12	DITCH BETWEEN 100 BLK E VI	15.00
			8/13/12	EAST 6TH ST PARKING LOT	15.00
			8/13/12	EAST 6TH ST ROW	500.00
			8/13/12	E CHESTNUT-ROW & UPRR TRAC	50.00
			8/13/12	FIRE STATION #2- LACY DRIV	75.00
			8/13/12	LACY DRIVE	100.00
			8/13/12	MEADOW LANE ROW	15.00
			8/13/12	ST MARYS ROAD ROW(CHURCH)	30.00
			8/13/12	VACANT DRAINAGE DITCH-RILE	15.00
			8/13/12	INDUSTRIAL PARK ROW	50.00
			8/13/12	WATER TOWER-SPRUCE ST	50.00
			8/13/12	WATER TOWER-WEST ASH ST	40.00
			8/13/12	E ASH ST NEAR RR TRACKS	70.00
			8/13/12	SVR ROW	75.00
			8/13/12	SVR ADDITION ISLANDS	80.00
			8/13/12	STRAUSS BLVD ISLANDS R/W	300.00
			8/13/12	I 70 ROW	600.00
			8/13/12	EASH ASH ST LIFT STATION	50.00
			8/13/12	SOUTH JACKSON ST DRAINAGE	30.00
			8/13/12	ASH ST FROM CHESTNUT SOUTH	230.00
			8/13/12	136 E 3RD	30.00
			8/13/12	225 E 3RD	30.00
			8/13/12	6TH ST UNDERPASS	100.00
			8/13/12	SANDUSKY ROW	75.00
			8/13/12	THE BLUFFS AREA	100.00
			8/13/12	TOM NEAL INDUSTRIAL PARK A	250.00
			8/13/12	SOUTHWIND/KJCK EAST TO TOW	150.00
			8/13/12	CHADWICK	15.00
			8/13/12	HOLLY LANE ISLAND	15.00
			8/13/12	SVR-R/W - K-18 TO RR	500.00

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/13/12	ENT TO SUTTER WDS AT FOX S	60.00
			8/06/12	14TH ST-OPPOSITE RATHERT F	25.00
			8/06/12	1701 N ADAMS	25.00
			8/06/12	BEL AIR & FOGARTY (DEAD EN	15.00
			8/06/12	8TH ST AT GARFIELD DITCH	10.00
			8/06/12	AIRPORT/JACKSON ST ROW-ALL	990.00
			8/06/12	ANNEX PARKING LOT BEHIND D	15.00
			8/06/12	COMMONWEALTH DRIVE ROW	25.00
			8/06/12	GRANT AVE ISLAND	150.00
			8/06/12	GRANT AVE FRONTAGE RD	40.00
			8/06/12	MONROE ST DRAINS	15.00
			8/06/12	WATER PLANT-EXCEPT AROUND	490.00
			8/06/12	FIELD S OF WATER PLANT 25'	75.00
			8/06/12	WESTWOOD BLVD-ISLANDS	150.00
			8/06/12	BRIDGE GUARDRAIL-EISEN & 1	10.00
			8/06/12	E 11TH/210 E 11TH	30.00
			8/06/12	514 W 14TH ST	30.00
			8/06/12	516 W 14TH ST	30.00
			8/06/12	436 W 11TH ST	30.00
			8/06/12	EAST 10TH ST PROPERTY	100.00
			8/06/12	14TH ST TRAILER COURT AREA	75.00
			8/06/12	ELM DALE ROAD ROW	75.00
			8/06/12	CHESTNUT&I-70 RAMPs	630.00
			8/06/12	PUMP STATIONS @ ADAMS ST	75.00
			8/06/12	HWY 57 R/W & ISLANDS	1,000.00
			8/06/12	AREA IN FRONT OF CRACKER B	70.00
			8/06/12	RUCKER ROAD	500.00
			8/06/12	LAWNDALE WATER AREA	40.00
			8/06/12	MOSS CIRCLE ISLAND	10.00
			8/06/12	GRANT AVE RIVER PARK AREA	150.00
			8/06/12	EAST WASTE WATER PLANT	225.00
		GINDER HYDRAULIC	8/03/12	SAN TRK 581; CYLINDER RPR	307.19
		HOME LUMBER CO.	8/13/12	ADHESIVE COVE BASE & COVER	5.66
		J & K CONTRACTING L.C.	8/01/12	GRANT AVE BRIDGE - CONST	13,330.80
		KEY OFFICE EQUIPMENT	7/01/12	OFFICE SUPPLIES - STARTER	135.72
			7/01/12	FOLDERS - HNG AND FILE	3.33
			7/01/12	SHARPIES, HIGHLGHTR,WHITEB	9.92
			7/17/12	RAY'S CABINET WITH LOCK	87.86
			7/19/12	TRAY,KEYB, ADJ,BK-RAY	31.97
			7/30/12	DPW PAYABLE STAMPER	6.25
			8/08/12	GRN CARDSTOCK	3.75
			8/09/12	PAPER CUTTER & OTHER SUPPL	16.65
		KANSAS GAS SERVICE	8/13/12	2324 1/2 N JACKSON	32.56
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	70.36
		WESTAR ENERGY	8/13/12	2324 N JACKSON-PUBLIC WORK	90.52
			8/13/12	CRESTVIEW-ST LIGHTS	19.95
			8/13/12	6&700 BLK WASH-SIGNAL	137.37
			8/13/12	904 N FRANKLIN-ST LIGHTS	0.00
			8/13/12	JUNCTION CITY	235.50
			8/13/12	107 S WASHINGTON-ST LIGHTS	19.95
			8/13/12	915 W 4TH-ST LIGHTS	14.82
			8/13/12	9TH&100 BLK W 9TH-ST LIGHT	26.93
			8/13/12	9TH & FILLEY-ST LIGHTS	52.34
			8/13/12	SPRUCE ST-ST LIGHTS	19.95
			8/13/12	SPRUCE & BUNKERHILL-ST LIG	23.02
			8/13/12	UTILITY PARKING LOT-ST LIG	60.18

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/13/12	UTILITY PARKING LOT-ST LIG	60.18
			8/13/12	JEFFERSON-BETWEEN 6TH-ST L	118.53
			8/13/12	MINNICK PARKING LOT-ST LIG	118.53
			8/13/12	PARKING LOT-	93.90
			8/13/12	WASHINGTON BRIDGE	67.16
			8/13/12	S BALLPARK 2 & 3-ST LIGHTS	19.95
			8/13/12	16TH & WASHINGTON-ST LIGHT	19.95
			8/13/12	1935 NORTHWIND-ST LIGHTS	21.28
			8/13/12	1935 NORTHWIND-ST LIGHTS	22.63
			8/13/12	8TH & 9TH ST-ST LIGHTS	10.50
			8/13/12	11TH ST & JACKSON SCHOOL X	10.50
			8/13/12	807 N WASHINGTON-ST LIGHT	203.78
			8/13/12	615 N WASHINGTON-ST LIGHTS	123.55
			8/13/12	716 N WASHINGTON-ST LIGHTS	242.73
			8/13/12	132 N EISENHOWER-ST LIGHT	19.95
			8/13/12	105 W 7TH ST-ST LIGHTS	90.36
			8/13/12	107 W 7TH ST-ST LIGHTS	64.51
			8/13/12	109 W 7TH-ST LIGHTS	71.37
			8/13/12	1419 N JEFFERSON-ST LIGHTS	19.95
			8/13/12	1618 N JEFFERSON-ST LIGHTS	19.95
			8/13/12	2800 GATEWAY-ST LIGHT	23.57
			8/13/12	1200 S WASHINGTON-ST LIGHT	200.10
			8/13/12	316 N US HWY 77-FLASHER	19.95
			8/13/12	600 W 6TH-ST LIGHT	46.76
			8/13/12	1121 S US HWY 77-FLASHER	20.72
			8/13/12	401 CAROLINE CT-ST LIGHT	21.97
			8/13/12	351 E CHESTNUT-ST LIGHT	224.76
			8/13/12	ST MARYS CEMETARY-SIREN	31.00
			8/13/12	INDUSTRIAL PARK-ST LIGHT	78.50
			8/13/12	601 W CHESTNUT-FLAG	19.95
			8/13/12	1222 W 8TH-SIREN	21.38
			8/13/12	CIVIL DEFENSE-SIREN	33.55
			8/13/12	CIVIL DEFENSE-SIREN	33.55
			8/13/12	630 1/2 E TORNADO SIREN	31.00
			8/13/12	AIRPORT RD & JACKSON SIREN	30.18
			8/13/12	403 GRANT AVE-SIREN	22.52
			8/13/12	703 W ASH-SIREN	21.47
			8/13/12	1102 ST MARYS RD-SIREN	22.24
			8/13/12	2022 LACY DRIVE-SIREN	19.95
			8/13/12	701 SOUTHWIND-SIREN	22.52
			8/13/12	CIVIL DEFENSE SIREN	33.55
			8/13/12	CHESTNUT & WASHINGTON	94.94
			8/13/12	HWY 77 & MCFARLAND	44.57
			8/13/12	6TH & ADAMS	116.12
			8/13/12	6TH & GARFIELD	131.50
			8/13/12	6TH & EISENHOWER	63.62
			8/13/12	6TH & WEBSTER	133.62
			8/13/12	6TH & JACKSON	24.89
			8/13/12	6TH & MADISON	94.55
			8/13/12	6TH & FRANKLIN	58.50
			8/13/12	8TH & JEFFERSON	81.96
			8/13/12	8TH & JEFFERSON	317.04
			8/13/12	8TH & JACKSON	110.97
			8/13/12	8TH & WASHINGTON	63.16
			8/13/12	9TH & WASHINGTON	107.44
			8/13/12	14TH & JACKSON	106.12

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/13/12	1760 W ASH	38.16
			8/13/12	4TH & WASHINGTON-BLINKER	19.95
			8/13/12	ST LIGHTS-JULY 2012	24,093.83
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	106.00
			8/10/12	KPERS #2	925.04
		KONZA CONST. CO.	7/17/12	TKT 69050-1.98 COLDMIX ASP	148.50
			7/25/12	ASPHALT-300BLKW17TH;1700BL	1,001.00
		MATHESON TRI-GAS INC	7/10/12	WELDING SUPPLIES	81.39
			7/31/12	WELDING MIX	159.28
		PCS	8/07/12	55 GALLON SOLVENT	949.00
		TMHC SERVICES, INC.	8/13/12	C. GOMEL	70.00
		NAPA AUTO PARTS OF J.C.	8/10/12	TAPE FOR SHOP	36.86
			7/11/12	SHOP SUPPLY-FACE SHEILD	39.98
			7/31/12	OIL FOR STREET DEPT	5.99
			8/09/12	SHOP GLUE	6.98
			8/10/12	OIL FOR SHOP	41.88
		NEWMAN SIGNS	7/30/12	PAINT	271.50
			7/19/12	SIGNAGE FOR TRAFFIC	1,339.50
			8/06/12	SIGNAGE-ARROW,AHEAD,SCHOOL	1,205.50
		CINTAS #451	8/10/12	MATS; SHOP TOWELS	24.20
		SCHURLE SIGN INC.	7/24/12	DPW NEW SIGNAGE-FO&HWY	1,060.00
		SELLERS EQUIPMENT, INC	8/06/12	VALVE FOR 690	677.01_
				TOTAL:	72,196.86
COURT	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	342.12
			8/10/12	MEDICARE WITHHOLDING	80.02
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	309.26
		CENTURYLINK COMMUNICATION, INC.	8/13/12	MUNICIPAL COURT	41.88
		ADDAIR THURSTON, CHTD.	8/09/12	BOND REFUND-12-00602--ZUNI	389.00
		STAPLES ADVANTAGE	8/13/12	MKR,FLKR, STPLR, ADD MCHN,	186.50
			8/13/12	CM-REFUND STAPLER	10.79-
		STEVEN OPAT	8/13/12	JUL 3 TO AUG 1	2,070.83
		ALYSON L JUNGHANS	8/08/12	TRVL EXPENSE-07/23/12-08/5	126.29
		JOSHUA DOUGLASS	8/13/12	PAYMENT EVERY TWO WEEKS	2,500.00
		HANNAH BULL	8/10/12	CITITATION REFUND-08-17245	450.00
			8/10/12	HANNAH BULL	450.00
		LAW OFFICE OF D. ANDREW VINDUSKA	8/13/12	06/11/2012 TO 07/09/2012	5,000.00
		KANSAS GAS SERVICE	8/13/12	225 W 7TH	31.10
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	34.58
		WESTAR ENERGY	8/13/12	221 W 7TH-COURT	422.24
			8/13/12	225 W 7TH-COURT-PARKING LI	11.67
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	402.07
			8/10/12	KPERS #2	80.06
		THE PRINTERY	8/08/12	500 B.C. GERVAIS	65.00
		CINTAS #451	8/13/12	MATS @ MUNICIPAL COURT	15.99
			8/13/12	TWO GRAY MATS	15.99
		MISC STEFFANY, DOUGLAS H	7/31/12	Bond Refund:12-05442 -01	250.00
		CUSACK, TEFLON MAURICE	8/02/12	Bond Refund:10-10764 -01	1,000.00
		SPINKS, RAMON	8/07/12	Bond Refund:TT151423 -01	184.00_
				TOTAL:	14,447.81
JC OPERA HOUSE	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	130.17
			8/10/12	MEDICARE WITHHOLDING	30.44
		CENTURYLINK COMMUNICATION, INC.	8/13/12	OPERA HOUSE	36.09
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS RETIRED	282.18_
				TOTAL:	478.88

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
RECREATION	GENERAL FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	126.53
			8/10/12	MEDICARE WITHHOLDING	29.59
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS FAMILY	123.70
		CENTURYLINK COMMUNICATION, INC.	8/13/12	RECREATION	219.79
		SECURITY SOLUTIONS INC	8/10/12	SECURITY AT 12TH STREET	18.00
		KEY OFFICE EQUIPMENT	8/10/12	YELLOW TONER	82.00
		KANSAS GAS SERVICE	8/13/12	1002 W 12TH	58.50
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	10.73
		WESTAR ENERGY	8/13/12	1002 W 12TH-COMMUNITY/P LI	2,998.58
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #2	74.73
		MASSCO	7/26/12	MOP HEADS, VAC BAGS, DISH	89.58
		CINTAS #451	8/10/12	GRAY MAT AT 12TH ST COMMUN	31.36_
				TOTAL:	3,863.09
NON-DEPARTMENTAL	GRANTS	INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	1,218.47
			8/10/12	SOCIAL SECURITY WITHHOLDIN	206.19
			8/10/12	MEDICARE WITHHOLDING	176.46
		ING LIFE INSURANCE & ANNUITY COMPANY	8/10/12	ING	100.00
		JUNCTION CITY FIREFIGHTERS AID ASSOCIA	8/13/12	FIREFIGHTERS AID ASSOCIATI	12.50
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	231.96
			8/10/12	PHS EMP/SPOUSE	260.38
		FIREMEN'S RELIEF ASSOCIATION	8/13/12	FIREMANS RELIEF	22.20
		JUNCTION CITY FIRE FIGHTERS ASSOCIATIO	8/13/12	I.A.F.F. LOCAL 3309	105.00
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	472.24
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	213.86
			8/10/12	KP&F	524.37
		FLEXIBLE SPENDING ACCOUNT #41807030	8/10/12	FIRST STATE BANK	105.83
		UNITED WAY OF JUNCTION CITY-GEARY COUN	8/10/12	UNITED WAY	17.00_
				TOTAL:	3,666.46
2005 JAG	GRANTS	ADVANCED WEAPONS TECHNOLOGY	8/02/12	TALON ANIMAL CATCHER	1,495.00_
				TOTAL:	1,495.00
SELF HELP HOUSING	GRANTS	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	304.39
			8/10/12	MEDICARE WITHHOLDING	71.19
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	154.63
			8/10/12	PHS EMP/SPOUSE	154.63
		CENTURYLINK COMMUNICATION, INC.	8/13/12	SELF HELP HOUSING	14.44
		KEY OFFICE EQUIPMENT	8/03/12	CRTDG,CLJ 5500/5550,MA	76.56
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	27.98
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	445.90_
				TOTAL:	1,249.72
SAFE ROUTES TO SCHOOLS GRANTS		J & K CONTRACTING L.C.	8/13/12	SRTS PHASE 2 CONSTRUCTION	89,747.39_
				TOTAL:	89,747.39
SAFER GRANT-FIRE DEPT GRANTS	GRANTS	INTERNAL REVENUE SERVICE	8/10/12	MEDICARE WITHHOLDING	105.27
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	773.15
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	45.55
		KANSAS PUBLIC EMPLOYEES	8/10/12	KP&F	1,239.02_
				TOTAL:	2,162.99
2002 BULLET-PROOF VEST GRANTS		PDQ EMERGENCY PRODUCTS	8/13/12	16759 BODY ARMOR	1,137.84_
				TOTAL:	1,137.84
NON-DEPARTMENTAL	SPIN CITY	INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	247.09

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			8/10/12	SOCIAL SECURITY WITHHOLDIN	170.70
			8/10/12	MEDICARE WITHHOLDING	58.93
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	100.12
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	44.80
			8/10/12	KPERS #2	0.60_
				TOTAL:	622.24
SPIN CITY	SPIN CITY	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	251.97
			8/10/12	MEDICARE WITHHOLDING	58.93
		CASH-WA DISTRIBUTING	8/02/12	REG. CHEESE SAUCE	119.60
		CENTURYLINK COMMUNICATION, INC.	8/13/12	SPIN CITY	93.44
		SECURITY SOLUTIONS INC	8/13/12	ALARM-915 S WASHINGTON	22.00
		KEY OFFICE EQUIPMENT	8/13/12	TIME CARDS	21.98
			8/02/12	TIME CARDS	21.98
		KANSAS GAS SERVICE	8/13/12	915 S WASHINGTON	32.32
			8/13/12	915 S WASHINGTON-CRDT	151.52-
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INURANCE	15.30
		WESTAR ENERGY	8/13/12	915 S WASHINGTON-GOLF-SPIN	695.34
			8/13/12	915 S WASHINGTON-SPIN CITY	2,367.51
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	93.41
			8/10/12	KPERS #2	82.88
		CAREER TRACK SEMINARS	8/13/12	THE ULTIMATE SUPERVISOR	149.00
			8/13/12	CAREER TRACK SEMINARS	149.00
		SNACK EXPRESS	8/13/12	CHEESE BURGERS, GRAPE, SOD	198.00
			8/13/12	CHEESE BURGER, CHIPS, M&M'	55.80
		WIZARD'S ELECTRONIC SVC	8/02/12	REPLACED WIRE FOR MICROPHO	100.00_
				TOTAL:	4,376.94
INDUSTRIAL REVENUE BON BOND & INTEREST		SECURITY BANK OF KANSAS CITY	7/31/12	VENTRIA IRB MONTHLY-AUG 20	99,965.15_
				TOTAL:	99,965.15
NON-DEPARTMENTAL	WATER & SEWER FUND	FAMILY SUPPORT PAYMENT CENTER (MISSOUR	8/10/12	MACSS #41061331/ CV103-753	154.85
		INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	2,990.36
			8/10/12	SOCIAL SECURITY WITHHOLDIN	1,367.07
			8/10/12	MEDICARE WITHHOLDING	471.96
		ING LIFE INSURANCE & ANNUITY COMPANY	8/10/12	ING	282.87
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	457.52
			8/10/12	PHS EMP/SPOUSE	318.96
			8/10/12	PHS FAMILY	373.49
		KANSAS PAYMENT CENTER	8/10/12	GARNISHMENT	120.00
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	1,326.61
		WATER PROTECTION FEE/CLEAN DRINKING FE	7/30/12	WPF 2ND QTR 2012	8,206.70
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	445.42
			8/10/12	KPERS #2	1,216.42
		FLEXIBLE SPENDING ACCOUNT #41807030	8/10/12	FIRST STATE BANK	204.15
		PRE-PAID LEGAL SERVICES,	8/10/12	PREPAID LEGAL	56.84
		UNITED WAY OF JUNCTION CITY-GEARY COUN	8/10/12	UNITED WAY	24.00_
				TOTAL:	18,017.22
WATER DISTRIBUTION	WATER & SEWER FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	450.13
			8/10/12	MEDICARE WITHHOLDING	105.27
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	647.59
			8/10/12	PHS EMP/SPOUSE	28.92
		JIM CLARK AUTO CENTER	8/03/12	UTILITY TRK 882 BATTERY	117.28
			8/09/12	COMPRESSOR BATTERY	234.56
		ONE CALL CONCEPTS	7/31/12	240 LOCATES-\$1.05 EA	252.00

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
		J & A TRAFFIC PRODUCTS	8/03/12	WHITE/GREEN PAINT	660.00
		KEY OFFICE EQUIPMENT	7/01/12	OFFICE SUPPLIES - STARTER	135.72
			7/01/12	FOLDERS - HNG AND FILE	3.33
			7/01/12	SHARPIES, HIGHLGHTR,WHITEB	9.92
			7/17/12	RAY'S CABINET WITH LOCK	87.86
			7/19/12	TRAY,KEYB, ADJ,BK-RAY	31.97
			7/30/12	DPW PAYABLE STAMPER	6.25
			8/08/12	GRN CARDSTOCK	3.75
			8/09/12	PAPER CUTTER & OTHER SUPPL	16.65
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	48.15
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	56.71
			8/10/12	KPERS #2	569.63
		TMHC SERVICES, INC.	8/13/12	R. WILLIAMS	35.00
		NAPA AUTO PARTS OF J.C.	8/03/12	UTILITY TRK OIL	11.96
		CINTAS #451	8/10/12	MATS; SHOP TOWELS	6.70
		SALINA WHOLESALE SUPPLY	7/30/12	YOKES, STOPS, LIDS FOR MET	2,168.29
			7/31/12	REPR CLAMPS; 10X7 10X10 10	500.54
			8/01/12	RING, LID, AND HOLES FOR M	716.00
			8/06/12	2 'CURB/STOP	186.04
		USA BLUE BOOK	7/31/12	TRASH PUMP,DISCHARGE HOSE/	2,139.37
		VICTOR L PHILLIPS CO	7/24/12	882 COMPRESSOR VALVE	289.29_
				TOTAL:	9,518.88
WATER ADMINISTRATION	WATER & SEWER FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	630.38
			8/10/12	MEDICARE WITHHOLDING	147.43
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	445.34
			8/10/12	PHS EMP/SPOUSE	54.12
			8/10/12	PHS FAMILY	54.12
		CENTURYLINK COMMUNICATION, INC.	8/13/12	WATER ADMINISTRATION	106.09
		HD SUPPLY WATERWORKS, LTD	8/13/12	AMR ACCESSORIES-	1,255.80
		SECURITY SOLUTIONS INC	8/13/12	ALARM WUPD 2307 N JACKSON	35.00
			8/13/12	ALARM CITY CLERK OFC.(CS d	18.00
		KEY OFFICE EQUIPMENT	8/13/12	MIRROR FOR WTR DEPT	74.48
		WATER PROTECTION FEE/CLEAN DRINKING FE	7/30/12	CLEAN DRINK FEE 2ND QTR 20	7,693.78
		KANSAS GAS SERVICE	8/13/12	900 W SPRUCE	28.22
			8/13/12	2232 W ASH TOWER	27.50
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	51.05
		WESTAR ENERGY	8/13/12	2232 W ASH-WATER TOWER	119.36
			8/13/12	2100 N JACKSON-WATER	225.84
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	373.54
			8/10/12	KPERS #2	476.24
		THE PRINTERY	8/13/12	WATER-WINDOW ENV. W/IMPRIN	494.50
		CINTAS #451	8/08/12	SCRAPER/BROWN MAT	29.47
			8/08/12	UNIFORMS-LANGDON, KENNY	10.23
			8/13/12	SCRAPER/BROWN MAT	47.30
			8/13/12	UNIFORMS-LANGDON, KENNY	10.23_
				TOTAL:	12,408.02
SEWER DISTRIBUTION	WATER & SEWER FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	342.24
			8/10/12	MEDICARE WITHHOLDING	80.03
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	338.17
			8/10/12	PHS EMP/SPOUSE	29.07
		MISSION COMMUNICATIONS LLC	7/24/12	LIFT STATION DATA SRVC-YR	6,600.60
		KEY OFFICE EQUIPMENT	7/01/12	OFFICE SUPPLIES - STARTER	135.72
			7/01/12	FOLDERS - HNG AND FILE	3.33
			7/01/12	SHARPIES, HIGHLGHTR,WHITEB	9.89

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
			7/17/12	RAY'S CABINET WITH LOCK	87.86
			7/19/12	TRAY,KEYB, ADJ,BK-RAY	31.97
			7/30/12	DPW PAYABLE STAMPER	6.25
			8/08/12	GRN CARDSTOCK	3.75
			8/09/12	PAPER CUTTER & OTHER SUPPL	16.65
		KDHE-BUREAU OF WATER	8/13/12	STORM WATER PERMIT	60.00
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	29.65
		WESTAR ENERGY	8/13/12	400 E CHESTNUT-JULY 2012	80.52
			8/13/12	630 E ST-LIFT STATION-JULY	26.33
			8/13/12	948 GRANT-LIFT ST-JULY 201	26.45
			8/13/12	CANDELIGHT LIFT PUMP-JUL 1	26.73
			8/13/12	ELMDALE LIFT PUMP-JULY 201	31.30
			8/13/12	HIGHLAND LIFT PUMP-JULY 20	40.98
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	56.71
			8/10/12	KPERS #2	383.81
		TMHC SERVICES, INC.	8/13/12	R. WILLIAMS	35.00
		CINTAS #451	8/10/12	MATS; SHOP TOWELS	6.71_
				TOTAL:	8,489.72
SEWER ADMINISTRATION	WATER & SEWER FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	595.29
			8/10/12	MEDICARE WITHHOLDING	139.25
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	398.93
			8/10/12	PHS EMP/SPOUSE	77.32
			8/10/12	PHS FAMILY	77.32
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	53.55
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	441.71
			8/10/12	KPERS #2	362.32
		THE PRINTERY	8/13/12	SEWER-WINDOW ENV. W/IMPRIN	494.50_
				TOTAL:	2,640.19
WASTEWATER PLANTS	WATER & SEWER FUND	OLSSON ASSOCIATES	7/23/12	SWWWTP NUTRIENT FEASIBILIT	1,898.75_
				TOTAL:	1,898.75
NON-DEPARTMENTAL	STORM WATER	INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	182.75
			8/10/12	SOCIAL SECURITY WITHHOLDIN	63.10
			8/10/12	MEDICARE WITHHOLDING	21.79
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	29.00
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	67.92
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	28.61
			8/10/12	KPERS #2	49.76
		FLEXIBLE SPENDING ACCOUNT #41807030	8/10/12	FIRST STATE BANK	5.21
		UNITED WAY OF JUNCTION CITY-GEARY COUN	8/10/12	UNITED WAY	1.25_
				TOTAL:	449.39
STORM WATER MANAGEMENT	STORM WATER	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	93.14
			8/10/12	MEDICARE WITHHOLDING	21.79
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	115.97
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	7.08
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	59.65
			8/10/12	KPERS #2	69.17_
				TOTAL:	366.80
ECONOMIC DEVELOPMENT	ECONOMIC DEVELOPME	CENTURYLINK COMMUNICATION, INC.	8/13/12	EDC	28.88_
				TOTAL:	28.88
SPECIAL HIGHWAY	SPECIAL HIGHWAY FU	CENTURYLINK COMMUNICATIO	8/13/12	ENGINEERING	36.09

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
				TOTAL:	36.09
NON-DEPARTMENTAL	SANITATION FUND	INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	1,010.85
			8/10/12	SOCIAL SECURITY WITHHOLDIN	386.79
			8/10/12	MEDICARE WITHHOLDING	133.53
		ING LIFE INSURANCE & ANNUITY COMPANY	8/10/12	ING	26.63
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	143.05
			8/10/12	PHS EMP/SPOUSE	364.54
			8/10/12	PHS FAMILY	65.91
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	424.01
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	52.88
			8/10/12	KPERS #2	498.24
		FLEXIBLE SPENDING ACCOUNT #41807030	8/10/12	FIRST STATE BANK	23.12
		PRE-PAID LEGAL SERVICES,	8/10/12	PREPAID LEGAL	4.94
		UNITED WAY OF JUNCTION CITY-GEARY COUN	8/10/12	UNITED WAY	3.85_
				TOTAL:	3,138.34
SANITATION PICKUP	SANITATION FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	455.71
			8/10/12	MEDICARE WITHHOLDING	106.55
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	502.54
			8/10/12	PHS EMP/SPOUSE	193.28
		ROBERTS TRUCK CENTER	7/10/12	SANI TRK#584 TRANS & CORES	4,466.00
			7/10/12	SANI TANK	291.30
			7/10/12	SANI TRK#584-INSUL,PIPE,CL	391.93
			8/06/12	#584 FUSE,CORE,CONTROL AND	2,041.75
			7/10/12	SANI TRK#584 - WRONG TRANS	11,250.00-
		GINDER HYDRAULIC	8/06/12	#583 PUMP ASSY	1,516.87
		KEY OFFICE EQUIPMENT	7/01/12	OFFICE SUPPLIES - STARTER	135.72
			7/01/12	FOLDERS - HNG AND FILE	3.33
			7/01/12	SHARPIES, HIGHLGHTR,WHITEB	9.92
			7/17/12	RAY'S CABINET WITH LOCK	87.86
			7/19/12	TRAY,KEYB, ADJ,BK-RAY	31.97
			7/30/12	DPW PAYABLE STAMPER	6.25
			8/08/12	GRN CARDSTOCK	3.74
			8/09/12	PAPER CUTTER & OTHER SUPPL	16.65
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	47.46
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #2	643.03
		TMHC SERVICES, INC.	8/13/12	A. MANN	70.00
			8/13/12	F. SMITH	70.00
			8/13/12	D. CARBAJAL	140.00
		NAPA AUTO PARTS OF J.C.	7/03/12	TOWEL,SANDPAD,ADHES CLNR-4	90.13
		CINTAS #451	8/10/12	MATS; SHOP TOWELS	6.70_
				TOTAL:	78.69
SANITATION ADMINISTRAT	SANITATION FUND	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	115.24
			8/10/12	MEDICARE WITHHOLDING	26.93
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	69.58
			8/10/12	PHS EMP/SPOUSE	23.19
			8/10/12	PHS FAMILY	23.19
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	11.35
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	110.25
			8/10/12	KPERS #2	49.52_
				TOTAL:	429.25
EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	DELTA DENTAL (PREMIUMS)	8/10/12	AUG PREMIUMS	1,710.60_
				TOTAL:	1,710.60

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
NON-DEPARTMENTAL	DRUG & ALCOHOL ABU	INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	305.03
			8/10/12	MEDICARE WITHHOLDING	29.88
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	38.66
		JUNCTION CITY POLICE	8/13/12	JCPOA	20.00
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	112.29
		KANSAS PUBLIC EMPLOYEES	8/10/12	KP&F	146.94_
				TOTAL:	652.80
DRUG & ALCOHOL ABUSE	DRUG & ALCOHOL ABU	INTERNAL REVENUE SERVICE	8/10/12	MEDICARE WITHHOLDING	29.88
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	154.63
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	10.20
		KANSAS PUBLIC EMPLOYEES	8/10/12	KP&F	347.21_
				TOTAL:	541.92
NON-DEPARTMENTAL	SPECIAL LE TRUST F	INTERNAL REVENUE SERVICE	8/10/12	FEDERAL WITHHOLDING	33.46
			8/10/12	SOCIAL SECURITY WITHHOLDIN	21.56
			8/10/12	MEDICARE WITHHOLDING	7.44
		ING LIFE INSURANCE & ANNUITY COMPANY	8/10/12	ING	25.00
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	19.33
		KANSAS DEPT OF REVENUE	8/10/12	STATE WITHHOLDING	13.57
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	21.85
		FLEXIBLE SPENDING ACCOUNT #41807030	8/10/12	FIRST STATE BANK	8.34_
				TOTAL:	150.55
SPECIAL LAW ENFORCEMEN	SPECIAL LE TRUST F	INTERNAL REVENUE SERVICE	8/10/12	SOCIAL SECURITY WITHHOLDIN	31.82
			8/10/12	MEDICARE WITHHOLDING	7.44
		KANSAS HIGHWAY PATROL CAR FUND	8/10/12	2012-2196 PD 06 CROWN VIC	10,000.00
		JENNIFER ARNESON, DVM	7/31/12	FIGO BOARDING	48.00
			8/07/12	FIGO SYNOVI/OMEGA3	72.00
		ED ROEHR SAFETY PRODUCTS	8/10/12	372037 GAS MUNITIONS	770.30
		PREFERRED HEALTH SYSTEMS	8/10/12	PHS EMPLOYEE	77.32
		VERIZON WIRELESS	8/02/12	2776502263 DTF PHONE SERVI	44.01
		CATHEY FAHEY	8/07/12	JULY 2012 MILEAGE REIMBURS	33.58
		ADVANCED WEAPONS TECHNOLOGY	8/02/12	TALON ANIMAL CATCHER	219.00
		ERIK HAGADORN	8/13/12	ERIK HAGADORN PROPERTY	220.00
		ADVANCE LIFE INSURANCE	8/10/12	ADVANCE LIFE INUSRANCE	3.86
		KANSAS PUBLIC EMPLOYEES	8/10/12	KPERS #1	45.55_
				TOTAL:	11,572.88
LAW ENFORCEMENT TRAIN	LAW ENFORCEMENT TR	HAPDA	8/10/12	2012 HAPDA K9 CERTIFICATIO	125.00_
				TOTAL:	125.00

DEPARTMENT	FUND	VENDOR NAME	DATE	DESCRIPTION	AMOUNT_
===== FUND TOTALS =====					
01	GENERAL FUND			570,036.97	
02	GRANTS			99,459.40	
10	SPIN CITY			4,999.18	
12	BOND & INTEREST			99,965.15	
15	WATER & SEWER FUND			52,972.78	
18	STORM WATER			816.19	
19	ECONOMIC DEVELOPMENT			28.88	
22	SPECIAL HIGHWAY FUND			36.09	
23	SANITATION FUND			3,646.28	
35	EMPLOYEE BENEFITS FUND			1,710.60	
47	DRUG & ALCOHOL ABUSE FUND			1,194.72	
50	SPECIAL LE TRUST FUND			11,723.43	
54	LAW ENFORCEMENT TRAINING			125.00	

GRAND TOTAL:				846,714.67	

TOTAL PAGES: 18

SELECTION CRITERIA

SELECTION OPTIONS

VENDOR SET: 01-CITY OF JUNCTION CITY, KS
VENDOR: All
CLASSIFICATION: All
BANK CODE: All
ITEM DATE: 0/00/0000 THRU 99/99/9999
ITEM AMOUNT: 9,999,999.00CR THRU 9,999,999.00
GL POST DATE: 0/00/0000 THRU 99/99/9999
CHECK DATE: 7/31/2012 THRU 8/13/2012

PAYROLL SELECTION

PAYROLL EXPENSES: NO
CHECK DATE: 0/00/0000 THRU 99/99/9999

PRINT OPTIONS

PRINT DATE: GL Post Date
SEQUENCE: By Department
DESCRIPTION: Distribution
GL ACCTS: NO
REPORT TITLE: APPROPRIATIONS- JULY 31- AUG 132012-CS
SIGNATURE LINES: 0

PACKET OPTIONS

INCLUDE REFUNDS: YES
INCLUDE OPEN ITEM:NO

Backup material for agenda item:

- b. Consideration of the August 8, 2012 City Commission Meeting Minutes.

CITY COMMISSION MINUTES

August 7, 2012

7:00p.m.

CALL TO ORDER

The regular meeting of the Junction City Commission was held on Tuesday, August 7, 2012 with Mayor Pat Landes presiding.

The following members of the Commission were present: Cecil Aska, Scott Johnson, Pat Landes, Jim Sands, and Jack Taylor. Staff present was: City Manager Vernon, City Attorney Logan, and City Clerk Tyler Ficken.

PUBLIC COMMENT

Jose Rodriguez of 313 E. 16th St. thanked the Commissioners for getting rid of the dumping ground, and thanked them for funding the Self-Help Housing program.

Jeffrey Pollack stated that snakes, tall grass, and children tearing down and breaking trees are problems in the Sutter Woods subdivision. He stated that there needs to be facilities and activities for the children.

Caroline Crowley of 506 W. 14th St. stated that the Self-Help Housing program does not offer fee homes, but the participants help to build the homes, and pay for them; she stated that programs to fix up a home are a good idea, but difficult when working multiple jobs with children. She stated that there are situations when a conventional mortgage is not an option.

Cornelia Pollack of Fox Sparrow Court stated that children in her neighborhood are exposed to copperhead snakes, knee high grass, and play on electric utility stations; land is being eroded by water issues. She is worried that a child is going to be harmed or killed; what will it take for people to take notice of this issue.

Larry Hicks of 6212 Tallgrass stated that he would not like to see the Self-Help Program is dismantled; this is a positive program, and it has worked. Mr. Hicks stated that he experienced the decline in his younger years, and the Self-Help Homes add to the beautification of the east side.

John Stewart stated that the City should not sell 19 acres of South Park at below market value. Mr. Stewart stated that the Self-Help Housing program is not good for the participants because the homes cannot be sold for what is put into them. Mr. Stewart stated that the City needs to get serious about animal control issues.

Alan Bontrager of 201 Grant Ave. stated that the pendulum is swinging toward accountability; he stated that Wal-Mart, USD 475, Junction City, and Geary

County are the top employers in town. Mr. Bontrager stated that some properties in town are assessed too high. Mr. Bontrager stated that the Commissioners have a tough job because the past Commission destroyed City finances. He stated that the levy needs to be cut because it is impacting quality of life. Mr. Bontrager stated that the City needs to consider hiring a new City Attorney.

Johnny Ryan of 1410 Thompson Dr. stated that the home at 508 W. 10th needs to be condemned. Mr. Karmann stated that he will take action on this property. Commissioner Taylor stated that there is a property on 5th street.

Debra Santiago stated that she worked for the Self-Help Housing program in the past, and she stated that the Junction City program is not the only City run program in the state. She stated that the program exists because families working multiple jobs to support their family often cannot save the 3.5% required down payment. She stated that the delinquency rate for the Self-Help Housing program is lower than a FHA loan. She stated that the program accepts less than 10% of those who apply.

CONSENT AGENDA

Consideration of Appropriation Ordinance A-15 2012 dated July 10th – July 30 2012 in the amount of \$2,912,658.45. Commissioner Taylor moved, seconded by Commissioner Sands to approve the Consent Agenda as presented. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

Consideration of the July 17, 2012 City Commission Meeting Minutes. Commissioner Taylor moved, seconded by Commissioner Sands to approve the Consent Agenda as presented. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

Consideration to approve special assessment list to be sent to Geary County for 2012 tax roll billing. Commissioner Taylor moved, seconded by Commissioner Sands to approve the Consent Agenda as presented. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

Consideration of ambulance contractual obligation adjustments and bad debt adjustments (June 2012). Commissioner Taylor moved, seconded by Commissioner Sands to approve the Consent Agenda as presented. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

PUBLIC HEARING

2013 Budget Hearing. Mayor Landes opened the public hearing. Mark Sands stated that his is concerned about the increase in spending while the debt payment will be lower in 2013; the City is choosing to spend instead of pay off debt. Mr. Sands stated that the 2 mill decrease is a small decrease, and could be

larger. Mr. Sanders stated that the sales tax is being conservatively estimated and projections could be increased for additional levy savings. Mr. Sanders stated that he is concerned about making debt payments when the 1% sales tax reaches the sunset date, and speculated whether special assessment taxes could pick up the slack by then. Mayor Landes stated that tax sales are in process, and there have been large blocks of lots having their specials paid. Mayor Landes stated that the increased spending is from water and sewer rate increases to pay for infrastructure improvements. Commissioner Jonson stated that taxes are too high. Commissioner Taylor stated that he is concerned about reductions at Ft. Riley, and the potential impact; planning should occur. Commissioner Johnson stated that the County should contribute to the golf course. John Stewart stated that the taxes are too high, and the sales tax is 9.5%. Deb Johnston stated that a matrix needs to be provided for infrastructure repairs; she stated that the valuation of her property is too high. Commissioner Sands moved, seconded by Commissioner Johnson to close the public hearing. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

A public hearing to consider condemnation of Property at 117 E 3rd St. and approval of Resolution 2691. Commissioner Aska moved, seconded by Commissioner Johnson to approve R-2691. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

A public hearing to consider condemnation of property at 331 W 8th St. and approval of Resolution 2692. Commissioner Johnson moved, seconded by Commissioner Aska to approve R-2692. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

A public hearing to consider condemnation of property at 630 W. 10th St. and approval of Resolution 2693. Commissioner Taylor moved, seconded by Commissioner Sands to remove property located at 630 W. 10th St. from the condemnation list. Ayes: Aska, Johnson, Landes, Sands Taylor. Nays: none. Motion carried.

A public hearing to consider condemnation of property at 712 W 10th St. and approval of resolution 2694. Commissioner Aska moved, seconded by Commissioner Taylor to approve R-2694. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

A public hearing to consider condemnation of property at 1309 Johnson Dr. and approval of Resolution 2695. Commissioner Aska moved, second by Commissioner Johnson to approve R-2695. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

UNFINISHED BUSINESS

Consideration to apply for a 523 Grant from USDA Rural Development in the amount of \$360,000.00 with a City contribution of \$40,000.00 to total \$400,000.00 for two years. Dan Pfizenmaier stated that the Self-Help Housing program has built 89 homes within the City. Mr. Pfizenmaier stated that the program participants offer good hard honest work toward building their homes. Commissioner Taylor asked is the program is inspected by the City. Mr. Pfizenmaier stated that the homes are inspected. Commissioner Aska stated that approval of the grant is subject to approval of a population change at the federal level. Commissioner Johnson stated that he cannot see how the program spends an additional \$22,000 per home on administrative work. Mayor Landes stated that the \$22,000 pays for administrative staff only. Commissioner Johnson stated that he does not understand how a Self-Help Housing homes could default when they receive so man benefits. Commissioner Sands stated that the City missed an opportunity when it sold site of a potential Buffalo Soldier Museum; he does not want to see the City make another mistake like this. Mayor Landes stated that the program beautifies the City and provides value for the City. Commissioner Aska stated that this approval is for application to the grant and not approval to spend the funds. Commissioner Aska moved, seconded by Commissioner Sands to approve the application for a 523 Grant from USDA Rural Development in the amount of \$360,000.00 with a City contribution of \$40,000.00 to total \$400,000.00 for two years. Ayes: Aska Landes, Sands. Nays: Johnson, Taylor. Motion carried.

NEW BUSINESS

Consideration to approve the 2013 budget. Finance Director Beatty stated that this budget includes the purchase of vehicles for the Police Department. Mayor Landes asked if the funding for the Self-Help Housing program would be used from the proposed salary survey; Finance Director Beatty stated that was true. Commissioner Johnson stated that he would like to see additional cuts because there is a lot of fluff such as at the golf course and airport. Commissioner Aska stated that he is comfortable with this budget; Commissioner Aska stated that the prices of commodities increase for the public sector just as they do for the private sector. Commissioner Sands stated that if any change is to be made, it would be to hold the mill steady, and use additional dollars to pay off debt; though the Commission made a promise to reduce the mill. Commissioner Taylor stated that more reductions can be made, but he would like the department heads to work toward that on a line item basis; do not spend until absolutely necessary. Commissioner Sands moved, seconded by Commissioner Aska to approve the 2013 budget as presented. Ayes: Aska, Landes, Sands, Taylor. Nays: Johnson. Motion carried.

Consideration of Resolution R-2660 conditionally accepting offer to purchase land from Aging Well, Inc. (Removed from Agenda)

Approval of Final Plat of Stone Ridge Manor Replat & Development Agreement. Commissioner Aska moved, seconded by Commissioner Taylor to approve the Final Plat of Stone Ridge Manor Replat & Development Agreement. Ayes: Aska, Landes, Sands, Taylor. Nays: none. Abstention: Johnson. Motion carried.

Consideration of Ordinance G-1115 eliminating the requirement for second reading of ordinances on first reading. Commissioner Taylor moved, seconded by Commissioner Johnson to approve Ordinance G-1115 on first reading. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

Consideration and approval of Westar modified easements. Commissioner Sands moved, seconded by Commissioner Aska to approve Partial Release and Modification of Right of Way No. GE-022. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried. Commissioner Sands moved, seconded by commissioner Aska to approve Partial Release and Modification of Right of Way No. GE-028. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried. Commissioner Sands moved, seconded by Commissioner Aska to approve Partial Release and Modification of Right of Way No. GE-029. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried. Commissioner Sands moved, seconded by Commissioner Aska to approve Partial Release and Modification of Right of Way No. GE-093. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

Consideration and award of the 2012 Street Maintenance Program – Concrete patching to J&K Contracting, LC. Commissioner Johnson asked why there were problems in the newer areas. Public Services Director McCaffery stated that the failure is resulting from a poor sub base. Commissioner Taylor moved, seconded by Commissioner Sands to approve award of the 2012 Street Maintenance Program – Concrete patching to J&K Contracting, LC. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

COMMISSIONER COMMENTS

Commissioner Aska provided his condolences to the family of Nolan Self who eldest son passed away.

Commissioner Johnson stated that he voted today and met Cecil Aska there who said he would cancel out his vote. Republicans need to get out there and vote or things are going to get taken over.

Commissioner Taylor stated that it appears there may need to be recreation opportunities in the Spring Valley area and asked Ed Lazear to look into it; and clean up the ponds & help the area. Commissioner Taylor congratulated Carol & tony Nardella on their retirement after 29 years; he was a patron. Commissioner Taylor's family had a medical emergency and thanked the hospital and the Fire Department staff for their service; they were quick to respond. Commissioner

Taylor asked for an update on the marina pond. Public Service Director McCaffery stated that paperwork for a permit has been submitted to the state, but their concerns are now with the drought conditions across the state.

Commissioner Sands stated that a local child lost a battle with cancer, and services will be held at St. Xavier on Friday.

Mayor Landes provided his condolences to Ray Ibarra who lost his father. Mayor Landes stated that a local track & Field athlete Isaiah Young is participating in the London summer Olympic 100 Meter Dash event; good luck to him. The ad hoc Animal policy board will meet at noon on Thursday. The budget is a difficult issue every year because nobody likes to pay taxes, but the Commission did what it said it was going to do, and the Mill was decreased as promised.

STAFF COMMENTS

City Manager Vernon thanked Cheryl for her work on the budget. City Manager Vernon thanked Mr. & Mrs. Chin for their hosting of the August coffee and conversation meeting; the next meeting will be held at Cracker Barrel on October 4th at 8:00 a.m.

ADJOURNMENT

Commissioner Sands moved, seconded by Commissioner Aska to adjourn at 10:35 p.m. Ayes: Aska, Johnson, Landes, Sands, Taylor. Nays: none. Motion carried.

APPROVED AND ACCEPTED THIS 21st DAY OF AUGUST AS THE OFFICIAL COPY OF THE JUNCTION CITY COMMISSION MINUTES FOR AUGUST 7, 2012.

Tyler Ficken, City Clerk

Pat Landes, Mayor

Backup material for agenda item:

- c. Consideration to purchase a 2006 Ford Crown Victoria and to declare a 1999 Ford F250 as surplus and approve the sale of the vehicle by auction.

City of Junction City

City Commission

Agenda Memo

08-21-12

From: Tim Brown, Chief of Police
To: Gerry Vernon, City Manager
Subject: Police Department Vehicle Purchase

Objective: The Police Department seeks approval to purchase a 2006 Ford Crown Victoria and to declare a 1999 Ford F250 as surplus and approve the sale of the vehicle by auction.

Explanation of Issue: The Police Department seeks approval to purchase a 2006 Ford Crown Victoria from the Kansas Highway Patrol in the amount of \$10,000. The vehicle has approximately 49,000 miles on it.

This vehicle will replace a 2006 Ford F250 currently being used as a staff vehicle and as a back up vehicle for the Patrol Division.

The 2006 Ford F250 will be moved to Blight Enforcement to replace a 1999 Ford F250 with unknown mileage used by the Department's Community Involvement Unit Sergeant. The last recorded mileage on the vehicle was 178,341 miles. Maintenance costs for this vehicle total \$2,364.47. The vehicle was put in to service on 07-14-03. This vehicle was an asset forfeiture seizure. The Police Department is proposing the 1999 Ford F250 be declared as surplus. Staff plans to list the vehicle for sale with Purple Wave Auction to dispose of it.

Budget Impact: Purchase of the 2006 Ford Crown Victoria will be made with drug forfeiture money. No money will be expended from the General Fund. There should be additional income from the sale of the 1999 Ford F250 which will be deposited into the Special Law Enforcement Fund. There is no charge to the City of Junction City by the auction company to list the item for sale.

Special Considerations: There are no special considerations.

Alternatives: The Commission may approve, deny or postpone this item.

Recommendation: Staff recommends a motion to approve the purchase of the 2006 Ford Crown Victoria and declare the 1999 Ford F250 as surplus and approve the sale of the vehicle by auction.

Suggested Motion:

Commissioner _____ moves to approve the purchase of the 2006 Ford Crown Victoria and declare the 1999 Ford F250 as surplus and approve the sale of the vehicle by auction.

Commissioner _____ seconded the motion.

Backup material for agenda item:

- d. Consideration to approve KDOT Grant Application for Airport Fuel Containment Station.

Junction City Commission Agenda Memo

Meeting Date: August 21, 2012

From: Cheryl Beatty, Finance Director

To: City Commissioners and Gerry Vernon, City Manager

Subject: Grant Application Approval – Airport, Fuel Containment Station

Objective: Approval of KDOT Grant Application for Airport Fuel Containment Station.

Explanation of Issue: In April 2012 the U.S. Environmental Protection Agency inspected our airport fuel system and cited violation of CFR 112.7(c), which indicates we do not have sufficient fuel containment for our aviation fueling trucks. Our fuel tanks at the airport have regular fuel and the trucks have the aviation fuel, predominantly used by the emergency service helicopters. KDOT Aviation Division indicated that a new fuel containment station would qualify for grant funding. Therefore, we are submitting an application, which would pay for up to 50% of the cost of construction. Attached are the letter from EPA, an engineer estimate and the map showing the proposed location for parking the fuel trucks when not in use.

Budget Impact: \$15,500 was allocated in the 2013 budget for this purpose. Engineer estimate is \$19,500. A KDOT grant award would be 50%, which would be equivalent to \$9,750. These grant funds are from the Kansas fuel gas taxes.

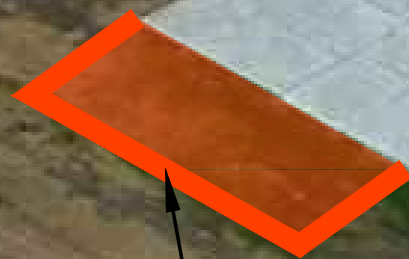
Recommendation: We recommend the approval for this grant application for the construction of a fuel containment station for the aviation fuel trucks

Alternatives: It appears that the City Commission may approve, modify, reject or table the grant application request.

Enclosures: Kansas Airport Improvement Program Application
Engineer Estimate and Map
U.S. EPA Letter

Fuel Containment Facility - Cost Estimate

ITEM	DESCRIPTION	QUANTITY	UNITS	ESTIMATED UNIT PRICE	TOTAL
1	Mobilization/Construction Staking/Clearing & Grubbing	1	LS	\$3,000.00	\$3,000.00
2	Subgrade Preparation	85	SY	\$30.00	\$2,550.00
3	6" Concrete	85	SY	\$65.00	\$5,525.00
4	1' High Wall	80	LF	\$100.00	\$8,000.00
TOTAL					\$19,075.00



FUEL CONTAINMENT AREA
30' X 25'
WITH 1' HIGH WALL



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 7
901 NORTH 5TH STREET
KANSAS CITY, KANSAS 66101

APR 12 2012

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

Receipt No.: 7011 0470 0002 2747 3861

Mr. Ron Nordt
Kansas Air Center
5490 Fort Riley Blvd.
Manhattan, Kansas 66503

RE: NOTICE OF POTENTIAL VIOLATION

Freeman Field, Junction City, Kansas


Dear Mr. Nordt:

On August 18, 2011, the United States Environmental Protection Agency inspected your facility. A review of the inspection findings indicates that the owner/operator of this facility may be in violation of the Spill Prevention, Control and Countermeasures (SPCC) regulations.

Section 311(j) of the Clean Water Act (CWA), as amended, requires the EPA to establish regulations to prevent the discharge of oil from onshore facilities. The EPA's SPCC regulations are found at 40 C.F.R. Part 112; the EPA's the Discharge of Oil regulations are found at 40 C.F.R. Part 110; and civil penalties for violation of these regulations are governed by Section 311(b)(6)(B) of the CWA, 33 U.S.C. § 1321(b)(6)(B).

The EPA is hereby providing a period of **sixty (60) days** from receipt of this notice for you to correct the following potential deficiencies or violations:

Plan deficiency with 40 C.F.R. § 112.7(a)(3): for failure to include a diagram with location and contents of all regulated containers, transfer stations, and connecting pipes. *Current diagram fails to show the contents of all containers, the locations of 55 gallons drums in the hanger and the transfer station associated with Tanks #1 and #2.*

 **Violation of 40 C.F.R. § 112.7(c):** for failure to provide adequate secondary containment. *Spill kits provided for each mobile refueler is not adequate to contain the volume and rate of oil. Additionally, there is no secondary containment provided for the mobile refuelers when they are left unattended (parked overnight.)*

Violation of 40 C.F.R. § 112.8(c)(2): for failure to address secondary containment to hold capacity of largest container and sufficient freeboard for precipitation. *No secondary containment for 280 gallon used oil heater tank and 55 gallon drums in hanger. In addition, facility needs to follow the certifying engineer's recommendation to plug the 300 gallon pit in the hanger.*

Violation of 40 C.F.R. § 112.8(c)(6): for failure to address integrity testing by techniques such as hydrostatic testing, visual inspection or a system of non-destructive shell thickness testing on a regular schedule and whenever material repairs are made.

Violation of 40 C.F.R. § 112.8(c)(11): for failure to position mobile or portable containers to prevent a discharge. (*Mobile tank #3*)

This notice is being sent to your attention so that certain deficiencies or violations can be addressed and verification of the corrections can be provided by the person responsible for the compliance with the EPA's SPCC regulations (40 C.F.R. Part 112) which requires the preparation, certification and implementation of the SPCC Plan. The CWA provides that a penalty may be assessed whenever a violation occurs.


The EPA reserves the right to propose a civil penalty for the violations described above. In determining the amount of the civil penalty to be assessed, the CWA provides that the factors to be considered are: (1) the seriousness of the violation or violations; (2) the economic benefit to the violator, if any, resulting from the violation; (3) the degree of culpability involved; (4) and other penalty for the same incident; (5) any history of prior violations; (6) the nature, extent and degree of success of any efforts of the violator to minimize or mitigate the effects of the discharge; (7) the economic impact of the penalty on the violator; and (8) any other matters as justice may require.

In determining whether any penalty action for these violations is necessary, the EPA will take into consideration your efforts to achieve compliance with the SPCC requirements described above. **Within sixty (60) days, please submit verification of the corrections/actions taken in response to this notice to the following address:**

U.S. EPA Region 7
Storage Tanks and Oil Pollution Branch
Attn: Paula Higbee
901 N. 5th Street
Kansas City, Kansas 66106

Please contact Paula Higbee of my staff at (913) 551-7028 if you have any questions regarding this letter.

Sincerely,



Margaret Stockdale, Branch Chief
Storage Tanks and Oil Pollution Branch
Air and Waste Management Division

Enclosure: Copy of Inspection Report

Kansas Airport Improvement Program Application Form

Date July 26, 2012

Indicate for which Fiscal Year (FY) the application is to be considered

FY 2013.....☐ July 1, 2012-June 30, 2013 (Applications due September 30, 2011)

FY 2014.....☒ July 1, 2013-June 30, 2014 (Applications due October 1, 2012)

Applicant/Sponsor: City of Junction City

Airport Identifier: 3JC

Project Category: ☐ Design/Planning ☒ Modernization ☐ Equipment ☐ Preservation

Project Description: Construction of a fuel containment facility. The
containment site would be located next to the fixed based operator's
hangar - see attached map. It would be build to meet requirements
of 40 C.F.R. 112.7(c) as determined by an EPA audit-see attached
The size would be 30' x 25' with a 1' high wall.

See engineer estimate attached.

Total Project Costs \$19,075.00

We understand that if the project is approved, the Kansas Department of Transportation will participate in the cost of construction and construction engineering at a rate of 90 percent for sponsors with a population less than 3,000, 75 percent for sponsors with a population less than 10,000 or 50 percent for sponsors with a population of 10,000 or greater, not to exceed \$800,000 of state funds (\$1,600,000 for new primary runways; \$1,200,000 for full-depth reconstruction of existing primary runway). The Sponsor will be responsible for letting the contract for bids and supervising construction. Construction engineering is eligible for KDOT funding.

Sponsor's Contact Person Cheryl S. Beatty Title Assistant Manager/Finance Director

Address City of Junction City, PO Box 287, 700 N Jefferson

Junction City, KS 66441-0287

Phone 785-238-3103

Fax 785-223-4262

e-mail cheryl.beatty@jcks.com

Sponsor's Signature Cheryl S. Beatty Title Ass't Mgr/Finance Dir.

Additional information attached ~ Project Layout Map
Audit Letter from US EPA
Engineer Estimate

Backup material for agenda item:

- a. Appointment to Animal Shelter Board.

City of Junction City

City Commission

Agenda Memo

8-15-2012

From: Tyler Ficken, City Clerk
To: Gerry Vernon, City Manager
Subject: Animal Shelter Board Resignation

Objective: To appoint a member of the Junction City Commission to the Junction City/Geary County Animal Shelter Joint Board.

Explanation of Issue: According to the Joint Service Agreement dated October 17, 2006, "The Mayor of Junction City, Kansas with the consent of the City Commissioners of the City of Junction City, Kansas, shall appoint a Commissioner of the City of Junction City, Kansas for a term of one year to commence on April 1 and expire on April 1 of each year." The agreement does not specifically address instances of resignation.

Budget Impact: None

Alternatives: It appears the Commission has the following alternatives concerning the issues at hand. The Commission may:

1. Appoint one of the City Commissioners to the Animal Shelter Board for the remaining term to expire April 1, 2013.

Enclosures: Charter Ordinance # 35

CHARTER ORDINANCE NO. 35

A CHARTER ORDINANCE REPEALING SECTION 105.410 OF TITLE I OF THE CODE OF THE CITY OF JUNCTION CITY AND CHARTER ORDINANCE 28 AND EXEMPTING THE CITY OF JUNCTION CITY, KANSAS FROM THE PROVISIONS OF K.S.A. 12-1008 REGARDING COMPENSATION FOR OFFICIALS AND PROVIDING SUBSTITUTE AND ADDITIONAL PROVISIONS ON THE SAME SUBJECT AND SUBSTITUTING A NEW SECTION 105.410 OF CHAPTER 100, TITLE I OF THE ORDINANCES OF THE CITY OF JUNCTION CITY, KANSAS, 1994.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF JUNCTION CITY, KANSAS:

Section 1. In accordance with the provisions of Article 12, Section 5(c) of the Constitution of the State of Kansas, the City of Junction City, Kansas, hereby elects to exempt itself and make inapplicable to it K.S.A. 12-1008, repeal Charter Ordinance 28, repeal existing Section 105.410 of the Code of the City of Junction City, Kansas, 1994 and substitute the following provisions as hereinafter provided.

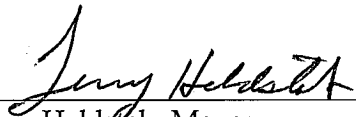
Section 2. Section 105.410 is added to read as follows:

Section 105.410 COMPENSATION PAID The City Commission is authorized and directed to fix as hereafter provided the salaries and compensation of the several officers and employees of the City. All such officers and employees shall be entitled to compensation in accordance with the budget for such purposes, the same to be allocated as a charge against the several funds appropriated for the payment of the services rendered. Provided, that each Commissioner shall receive the monthly sum of two hundred dollars (\$200.00), and the elected Mayor an additional monthly sum of One hundred dollars (\$100.00), the same to be payable as determined by the Treasurer of the City of Junction City. The increases in compensation provided for by this Charter Ordinance 35 shall be payable only if a Commissioner attends at least eighty-five per cent (85%) of scheduled Commission meetings and is an attending member of any other board or commission to which the commissioner is appointed by the Mayor.

Section 3. Section 105.410 of Chapter 100, Title I of the Ordinances of the City of Junction City, Kansas, 1994, and Charter Ordinance 28 are hereby repealed.

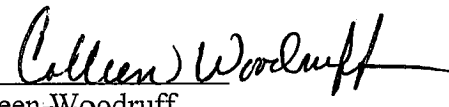
Section 4. This Charter Ordinance shall take effect sixty-one (61) days after the final publication, unless a sufficient petition for referendum is filed and a referendum is held on the ordinance as provided in Article 12, Section 5(c)(3) of the Constitution of the State of Kansas, in which case the ordinance shall become effective, if approved, by a majority of the electors voting thereon.

PASSED AND ADOPTED BY THE GOVERNING BODY, not less than two-thirds of the members elect voting in favor thereon, on the 29th day of August, 2006.




Terry Heldstab, Mayor

ATTEST:



Colleen Woodruff
City Clerk



C:\dirword\ord&res\CO 35 Commission Compensation).doc

Backup material for agenda item:

- a. Approve Bond Ordinance S-3112 on Second Reading

City of Junction City

City Commission

Agenda Memo

August 21, 2012 Meeting Date

From: Katie Logan, City Attorney
To: City Commission & Gerry Vernon, City Manager
Subject: Dick Edwards Auto Plaza TIF Plan
Bond Ordinance No. S-3112

Issue:

Ordinance No. S-3112 authorizing the TIF Bonds is required to be approved on first and second reading under the City Code.

This Ordinance approves the issuance of TIF Bonds and the following Bond Documents, attached:

Bond Trust Indenture
Bond Purchase Agreement
Tax Compliance Agreement

This Ordinance was approved on second reading at the July 17 meeting, but only if final plans and budget and evidence of other financing were supplied by the August 6 meeting. This timeline was not met so it is necessary to reapprove Bond Ordinance S-3112 on second reading.

Once approved, the Bond Ordinance can be included in the bond transcript which must be approved by the Kansas Attorney General Office before the TIF Bonds can be issued. It is anticipated that this approval should be received sometime the week of September 17, with a possible closing the following week.

Staff Recommendation: Approve Ordinance No. S-3112 on final reading.

Possible Actions:

Approve Ordinance S-3112 on final reading. Requires majority approval.

Recommended Motion:

Move to approve Ordinance No. S-3112 on final reading.

Motion to table indefinitely – requires majority approval

Motion to table to date certain – requires majority approval

Enclosures:

Bond Ordinance No. S-3112

Bond Trust Indenture

Bond Purchase Agreement

Tax Compliance Agreement

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF JUNCTION CITY, KANSAS
HELD ON JULY 3, 2012**

The City Commission of the City of Junction City, Kansas met in regular session at the usual meeting place in the City at 7:00 p.m., the following members of the City Commission were present:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

Thereupon, there was presented for first reading an Ordinance entitled:

**AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF
JUNCTION CITY, KANSAS, AUTHORIZING THE ISSUANCE OF ITS
SPECIAL OBLIGATION REVENUE BONDS (DICK EDWARDS AUTO
PLAZA PROJECT), SERIES 2012 FOR THE PURPOSE OF FINANCING
CERTAIN COSTS RELATING TO THE DICK EDWARDS AUTO PLAZA
PROJECT PLAN; AUTHORIZING AND APPROVING THE EXECUTION
OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE
OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS
IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS**

Thereupon, Commissioner _____ moved that said Ordinance be approved on first reading. The motion was seconded by Commissioner _____. Said Ordinance was duly read and considered, and upon being put, the motion for approval was carried by the vote of the City Commission, the vote being as follows:

Aye:

Nay:

* * * * *

(Other Proceedings)

* * * * *

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the City Commission of the City of Junction City, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

City Clerk

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF JUNCTION CITY, KANSAS
HELD ON JULY 17, 2012**

The City Commission of the City of Junction City, Kansas met in regular session at the usual meeting place in the City at 7:00 p.m., the following members of the City Commission were present:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

Thereupon, there was presented to the City Commission an Ordinance entitled:

**AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF
JUNCTION CITY, KANSAS, AUTHORIZING THE ISSUANCE OF ITS
SPECIAL OBLIGATION REVENUE BONDS (DICK EDWARDS AUTO
PLAZA PROJECT), SERIES 2012 FOR THE PURPOSE OF FINANCING
CERTAIN COSTS RELATING TO THE DICK EDWARDS AUTO PLAZA
PROJECT PLAN; AUTHORIZING AND APPROVING THE EXECUTION
OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE
OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS
IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS**

Thereupon, Commissioner _____ moved that said Ordinance be passed. The motion was seconded by Commissioner _____. Said Ordinance, having been approved by a first reading on July 3, 2012, was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the City Commission, the vote being as follows:

Aye:

Nay:

Thereupon, the Ordinance having been adopted by a majority vote of the members-elect of the City Commission it was given No. S-3112, was directed to be signed by the Mayor and attested by the City Clerk and the City Clerk was further directed to publish the Ordinance one time in the official City newspaper.

* * * * *

(Other Proceedings)

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the City Commission of the City of Junction City, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

City Clerk

(Published in *The Daily Union* on July 20, 2012)

ORDINANCE NO. S-3112

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF JUNCTION CITY, KANSAS, AUTHORIZING THE ISSUANCE OF ITS SPECIAL OBLIGATION REVENUE BONDS (DICK EDWARDS AUTO PLAZA PROJECT), SERIES 2012 FOR THE PURPOSE OF FINANCING CERTAIN COSTS RELATING TO THE DICK EDWARDS AUTO PLAZA PROJECT PLAN; AUTHORIZING AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS

WHEREAS, the City of Junction City, Kansas (the “City”) is a municipal corporation duly organized and validly existing under the laws of the State of Kansas as a city of the first class; and

WHEREAS, pursuant to the provisions of K.S.A. 12-1770 *et seq.*, as amended (the “Act”), and Ordinance No. S-3026 of the City, passed on September 30, 2008, as amended by Ordinance No. S-3103, passed on February 21, 2012, and in order to promote, stimulate and develop the general and economic welfare of the City, the governing body of the City has established the Dick Edwards Auto Plaza Redevelopment District (“Redevelopment District”) in the City; and

WHEREAS, pursuant to the provisions of the Act and Ordinance No. S-3106, passed on May 15, 2012 and published on June 29, 2012, the City approved the Dick Edwards Auto Plaza Project Plan (the “Redevelopment Plan”) for the specified Project Area within the Redevelopment District; and

WHEREAS, pursuant to the provisions of the Act, the City desires to authorize the issuance of its Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012 (the “Bonds”), upon the terms and conditions set forth in the hereinafter described Bond Indenture, for the purpose of financing eligible costs of the Redevelopment Project described in the Redevelopment Plan; and

WHEREAS, the governing body of the City hereby finds and determines that the financing of the Redevelopment Project by the City in the manner provided in the Act and pursuant to the provisions of the Bond Indenture, will serve one or more of the public purposes set forth in the Act and will promote, stimulate and develop the general and economic welfare of the City; and

WHEREAS, the governing body of the City further finds and determines that it is necessary and desirable in connection with the issuance of the Bonds that the City enter into certain agreements, and that the City take certain other actions and approve the execution of certain other documents as herein provided.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF JUNCTION CITY, KANSAS:

Section 1. Authorization of the Bonds. The City is hereby authorized to issue and sell the Bonds in an aggregate principal amount not to exceed \$3,665,213, the proceeds of which will be used to (a) pay eligible costs of the Redevelopment Project described in the Redevelopment Plan, (b) pay certain costs related to the issuance of the Bonds, and (c) pay capitalized interest on the Bonds. The Bonds shall be issued and secured pursuant to the herein authorized Bond Indenture in such principal amounts, shall be in such denominations, shall be in such forms, shall mature on the dates and in the principal amounts, shall bear interest at a fixed rate which shall not exceed amount set forth in K.S.A. 10-1009 and shall be subject to redemption on the dates and in the principal amounts as provided in the Bond Indenture, and shall have such other terms and provisions, shall be issued, executed, authenticated and delivered in such manner and shall be subject to such provisions, covenants and agreements, as are set forth in the Bond Indenture.

The Bonds, together with interest thereon, are not general obligations of the City but are limited obligations payable solely from the Trust Estate (as defined in the Bond Indenture) pledged to the payment thereof under the Bond Indenture and shall be a valid claim of the respective holders thereof only against the Trust Estate and other moneys held by the Trustee (as defined in the Bond Indenture) and the revenues so pledged as aforesaid. In no event shall the Bonds be payable out of any funds or properties other than those pledged or acquired under the Bond Indenture, and the Bonds shall not be deemed to constitute a debt or liability of the City, the State of Kansas (the "State") or of any political subdivision thereof and the issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any political subdivision thereof to levy any form of general taxation (other than Incremental Tax Revenues pledged as part of the Trust Estate) therefor. Nothing in the Bonds, the Bond Indenture, the proceedings of the City authorizing the Bonds or the Act shall be construed to be a debt or loan of credit of the City, the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 2. Authorization and Approval of Documents. The following documents are hereby approved in substantially the forms presented to and reviewed by the City at this meeting (copies of which documents shall be filed in the records of the City), and the City is hereby authorized to execute and deliver each of such documents to which the City is a party (the "City Documents") with such changes therein as shall be approved by the officer or officers of the City executing such documents, such officers' signatures thereon being conclusive evidence of their approval and the City's ratification or approval thereof:

- (a) Bond Trust Indenture dated as of the date stated therein (the "Bond Indenture"), between the City and Security Bank of Kansas City, as trustee (the "Trustee"); and
- (b) Bond Purchase Agreement dated as of the date stated therein between the City and Farmers & Merchants Bank of Colby, Colby, Kansas, as purchaser of the Bonds; and
- (c) Tax Compliance Agreement dated as of the date stated therein relating to the Bonds.

Section 3. Execution of Bonds and Documents. The Mayor of the City is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Bond Indenture. The Mayor of the City is hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the

intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk is hereby authorized and directed to attest to and affix the seal of the City to the Bonds, the City Documents and such other documents, certificates and instruments as may be necessary.

Section 4. Further Authority. The City shall, and the officers, employees and agents of the City are hereby authorized and directed to, take such action, expend such funds and execute such other documents, deeds, agreements, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and the transactions contemplated therein and to carry out, comply with and perform the duties of the City with respect to the Bonds and the City Documents, including, but not limited to, agreements with respect to the investment of any funds held under the Bond Indenture. Columbia Capital Management, LLC, the City's financial advisor and Gilmore & Bell, P.C., the City's bond counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the intent of this Ordinance.

Section 5. Effective Date. This Ordinance shall be effective upon its passage by the City Commission of the City of Junction City, Kansas and publication one time in the official City newspaper.

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PASSED by the City Commission of Junction City, Kansas on July 17, 2012.

Mayor

(Seal)

ATTEST:

City Clerk

* * * * *

CERTIFICATE

I, the undersigned, hereby certify that the above and foregoing is a true and correct copy of the original Ordinance No. S-____ (the "Ordinance") of the City of Junction City, Kansas (the "City"); that said Ordinance was passed by the City Commission on July 17, 2012, that the record of the final vote on its passage is found on page ____ of journal ____; that it was published in the official newspaper of the City on July __, 2012; and that the Ordinance has not been modified, amended or repealed and is in full force and effect as of this date.

DATED: _____, 2012.

City Clerk

BOND PURCHASE AGREEMENT

CITY OF JUNCTION CITY, KANSAS

**\$3,665,000
SPECIAL OBLIGATION REVENUE BONDS
(DICK EDWARDS AUTO PLAZA PROJECT)
SERIES 2012**

July 18, 2012

City of Junction City, Kansas
City Hall
700 N. Jefferson
Junction City, Kansas 66441

On the basis of the representations and covenants and upon the terms and conditions contained in this Bond Purchase Agreement (this "Agreement"), Farmers & Merchants Bank of Colby, Colby, Kansas (the "Purchaser"), hereby offers to purchase from the City of Junction City, Kansas (the "Issuer") the Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project) Series 2012, dated as provided in the Indenture (as hereinafter defined), in the aggregate principal amount set forth on ***Exhibit A*** hereto (the "Series 2012 Bonds"), to be issued by the Issuer. The Series 2012 Bonds shall be issued under and pursuant to Ordinance No. S-_____ passed by the governing body of the Issuer on July 17, 2012 (the "Bond Ordinance") and a Bond Trust Indenture dated as of August 1, 2012 (the "Indenture") between the Issuer and Security Bank of Kansas City, as trustee (the "Trustee").

This offer is made subject to the acceptance by the Issuer of this Agreement, which acceptance shall be evidenced by the execution of this Agreement by the Mayor of the Issuer prior to 5:00 p.m., Central Time, on the date hereof.

Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

Section 1. Issuer's Representations and Agreements. By the Issuer's acceptance of this Agreement, the Issuer hereby represents and agrees with the Purchaser that:

(a) The Issuer is authorized and empowered pursuant to the provisions of the laws of the State of Kansas (the "State"), particularly, K.S.A. 12-1770 *et seq.*, as amended (the "Act"), and the Indenture, to issue and sell the Series 2012 Bonds as provided in the Indenture.

(b) The Issuer will apply the proceeds from the sale of the Series 2012 Bonds as specified in the Indenture and this Agreement for the purpose of paying Redevelopment Project Costs and Costs of Issuance.

(c) The Issuer has complied with all provisions of the Act and the Constitution and laws of the State and has full power and authority to consummate all transactions contemplated by this Agreement, the Bond Ordinance and the Indenture. There exists no Event of Default (and no failure in the observance or performance of any covenant, agreement, condition or provision contained in the Indenture which may become an Event of Default with the passage of time and failure to remedy the same) under the Indenture.

(d) This Agreement and the Indenture constitute valid and binding special obligations of the Issuer, enforceable in accordance with their respective terms (subject in each case to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally from time to time in effect and subject to the exercise of judicial discretion in accordance with general principles of equity). The Series 2012 Bonds, when issued, delivered and paid for as herein provided, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding special obligations of the Issuer. The Series 2012 Bonds and the interest thereon are special, limited obligations of the Issuer payable (except to the extent paid out of Series 2012 Bond proceeds or the income from the temporary investment thereof) solely out of the Incremental Tax Revenues, if any, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2012 Bonds, as provided in the Indenture.

(e) The Issuer has duly authorized all necessary action to be taken for: (i) the issuance and sale of the Series 2012 Bonds upon the terms set forth herein; (ii) the execution, delivery, receipt and due performance of this Agreement, the Series 2012 Bonds and the Indenture and any and all such other agreements and documents as may be required to be executed, delivered and received in order to carry out, give effect to and consummate the transactions contemplated hereby; and (iii) the carrying out, giving effect to and consummation of the transactions contemplated hereby.

(f) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the best of the Issuer's knowledge, threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or the validity of the Series 2012 Bonds, this Agreement, the Bond Ordinance, the Indenture or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(g) The execution and delivery of this Agreement, the Series 2012 Bonds, the Indenture and the other agreements contemplated hereby, and compliance with the provisions thereof, to the best of the Issuer's knowledge after due inquiry and in reliance in part upon advice of legal counsel, will not conflict with or constitute on the part of the Issuer a breach of or a default under any existing law, court or administrative regulation, decree or order or any resolution, agreement, indenture or other instrument to which the Issuer is subject or by which it is or may be bound.

(h) Any certificate signed by the Issuer and delivered to the Purchaser shall be deemed a representation made by the Issuer to the Purchaser as to the statements made therein.

Section 2. Purchaser's Representations and Agreements. By the Issuer's acceptance of this Agreement, the Purchaser hereby represents and agrees with the Issuer that:

(a) The Purchaser is a banking corporation organized and existing under the laws of the State of Kansas with its principal corporate offices located in Colby, Kansas, and, pursuant to all necessary corporate action, is authorized to purchase the Bonds and to execute and perform this Bond Purchase Agreement.

(b) The Purchaser is knowledgeable and experienced in financial and business matters and is capable of evaluating investment merit and risks associated with its purchase of the Series 2012 Bonds.

(c) The Purchaser has received and carefully reviewed a copy of the Indenture, including provisions relating to the security for payment of the Series 2012 Bonds. The Purchaser acknowledges and understands that the Series 2012 Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Series 2012 Bond proceeds or the income from the temporary investment thereof) solely out of the Incremental Tax Revenues, if any, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2012 Bonds, as provided in the Indenture. The Series 2012 Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the Issuer, the State or any political subdivision thereof, but shall be payable solely from the Trust Estate. The issuance of the Series 2012 Bonds shall not, directly, indirectly or contingently, obligate the Issuer, the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

(d) The Purchaser acknowledges that the Bonds are a speculative investment secured solely by a pledge of revenues to be derived from the Redevelopment Project that, as of the date hereof, is not yet constructed. The Purchaser further acknowledges that it has no interest in or claim on any real or personal property related to the Redevelopment Project.

(e) The Purchaser acknowledges that, at issuance of the Bonds, the Debt Service Reserve Fund will have a zero (0) dollar balance. The Purchaser further acknowledges that the availability of moneys for deposit to the Debt Service Reserve Fund is contingent upon the project producing revenues in excess of the costs of principal and interest, and other costs associated with, the Bonds.

(f) The Purchaser acknowledges that, pursuant to the Indenture, the non-payment of principal and interest in full when due is not an Event of Default if there are insufficient moneys on hand in the Debt Service Fund, Debt Service Reserve Fund and Special Redemption Account to make such payments. In this circumstance the Purchaser shall have no right to acceleration or any other remedies available to cause timely payment.

(g) The Purchaser acknowledges that the time period during which Incremental Tax Revenues may be collected is finite and the Purchaser may suffer a loss of principal if any unpaid balance remains at the end of the Tax Collection Period.

(h) The Purchaser acknowledges that a failure to perform by the Developer under the terms of the Redevelopment Agreement may impair the Developer's ability to seek reimbursement for Redevelopment Project Costs, potentially delaying completion of the project and impairing the collection of Incremental Tax Revenues.

(i) The Purchaser acknowledges that, in the event of a change in use at the Developer's Grant Avenue facility that results in a lower valuation for *ad valorem* property tax purposes, the amount of Sales Taxes permitted to be captured will decrease, reducing Incremental Tax Revenues as a result.

(j) The Purchaser acknowledges that, pursuant to the Indenture, Excess Incremental Tax Revenues may be collected and used to redeem Bonds prior to their stated maturity, potentially reducing the Purchaser's economic return from holding the Bonds.

(j) The Purchaser acknowledges that the Bonds are subject to extraordinary mandatory redemption upon completion of the project or upon the third anniversary of the issuance of the Bonds, whichever is sooner, in the event any balance remains in the Project Fund at that time.

(k) The Purchaser acknowledges that the Authorized Denomination on the Bonds makes the Bonds more difficult to sell in the secondary market. No secondary market for the Bonds exists as of the date hereof and may not materialize during the life of the Bonds.

(l) The Purchaser acknowledges that a change in law related to the exemption of the interest on the Bonds from State and Federal income taxes or related to the Purchaser's ability to obtain the full value of such exemption may impact the expected economic return it expects to receive from holding the Bonds.

(m) The Purchaser acknowledges that no official statement, private placement memorandum or other offering document has been or will be prepared in connection with the sale and purchase of the Series 2012 Bonds.

(n) The Purchaser confirms that its investment in the Series 2012 Bonds constitutes an investment that is suitable for and consistent with its investment program and that the Purchaser is able to bear the economic risk of an investment in the Series 2012 Bonds, including a complete loss of such investment.

(o) The Purchaser is purchasing the Series 2012 Bonds solely for its own account for investment purposes only, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof. Notwithstanding such intent, the Purchaser will not be prohibited in the future from reselling the Series 2012 Bonds although there is no present expectation to do so, and any such resale must be in accordance with applicable securities laws. The Purchaser agrees that prior to any such sale of the Series 2012 Bonds to a subsequent investor it will obtain from such investor an Investor Letter in substantially the form attached hereto as **Exhibit D** and will provide a copy of such Investor Letter to the Trustee.

(p) The Purchaser has had access to, and has examined to the extent the undersigned has deemed necessary, financial statements and other data of the Issuer and the Developer,

including but not limited to sales tax projections provided by the Developer, the feasibility study prepared for the Developer by Canyon Research Southwest, Inc., cash flow projections prepared by Oppenheimer & Co. (the "Placement Agent"), and financial statements of the Developer, which the undersigned considers sufficient to enable the Purchaser to form a decision concerning its purchase of the Series 2012 Bonds.

(q) The Purchaser acknowledges that none of any past, present or future officers, directors, members, employees or agents of the Issuer (including without limitation the Issuer's legal counsel, the Issuer's financial advisors, the Issuer's consultants, the Issuer's bond counsel or their officers, directors, members, employees or agents) will have any responsibility to the Purchaser for the accuracy or completeness of any information obtained by the Purchaser from any source bearing on the Purchaser's decision concerning a purchase of the Series 2012 Bonds.

(r) The Purchaser acknowledges that any information presented to it by or received from the Placement Agent or the Developer is the responsibility of such entities. The Issuer expressly disclaims any responsibility for errors or omissions in such information provided by the Placement Agent or the Developer.

(s) The Purchaser acknowledges that neither the Issuer nor any of its employees, agents or contractors has provided it with any information related to the project, the availability of Incremental Tax Revenues, or the terms and conditions of the Financing Documents.

(t) The Purchaser acknowledges and understands that the Issuer is relying and will continue to rely on the statements made herein. The Purchaser agrees to notify the Issuer immediately of any changes in the information and conclusions herein.

Section 3. Purchase, Sale and Delivery of the Bonds.

(a) On the basis of the representations, warranties and covenants contained herein and in the other agreements and documents referred to herein, and subject to the terms and conditions herein set forth, the Purchaser agrees to purchase from the Issuer and the Issuer agrees to sell to the Purchaser the Series 2012 Bonds not later than 12:00 Noon, applicable Central time on August 1, 2012 or such other place, time or date as shall be mutually agreed upon by the Issuer and the Purchaser, at a purchase price equal to the par value of the principal amount thereof (the "Purchase Price") without accrued interest. The date of such delivery and payment is herein called the "Closing Date," the hour and date of such delivery and payment is herein called the "Closing Time" and the transactions to be accomplished for delivery of the Series 2012 Bonds on the Closing Date shall be herein called the "Closing". The Bonds shall be issued under and secured as provided in the Indenture and the Series 2012 Bonds shall have the maturities and interest rates as set forth therein and on **Exhibit A** attached hereto, which also contains a summary of the redemption provisions of the Series 2012 Bonds. The Series 2012 Bonds shall contain such other provisions as are described in the Indenture.

(b) The Issuer acknowledges and agrees that: (1) the purchase and sale of the Series 2012 Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Purchaser; (2) in connection with such transaction, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the Issuer; (3) the Purchaser has not assumed (individually or collectively) a fiduciary responsibility in favor of the Issuer with respect to the offering of the Series 2012 Bonds or the process leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has advised or is currently advising the Issuer on other matters) or any other obligation to the Issuer

except with respect to the obligations expressly set forth in this Bond Purchase Agreement; and (4) the Issuer has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2012 Bonds.

(c) Payment of the Purchase Price for the Series 2012 Bonds shall be made by federal wire transfer or certified or official bank check or draft in immediately available federal funds, payable to the order of the Trustee for the account of the Issuer on or before the Closing Time on the Closing Date. Upon such payment, the Bonds shall be delivered and released upon the instructions of the Purchaser.

(d) The delivery of the Series 2012 Bonds shall be made in fully registered certificated form duly executed and authenticated; provided, however, that the Series 2012 Bonds may be delivered in temporary form. The Bonds shall be available for inspection by the Purchaser at least 24 hours prior to the Closing Time.

Section 3. Conditions to the Purchaser's Obligations. The Purchaser's obligations hereunder shall be subject to the due performance by the Issuer of the obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with the representations contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions being satisfied as of the Closing Time:

(a) The Series 2012 Bonds shall have been duly authorized, executed and delivered in substantially the form provided for by the Indenture with only such changes therein as shall be mutually agreed upon by the Issuer and the Purchaser.

(b) At the Closing Time, the Purchaser shall receive:

(i) the approving opinion of Gilmore & Bell, P.C., Bond Counsel, in substantially the form set forth on **Exhibit B** hereto, dated the Closing Date and addressed to the Issuer and the Purchaser, with respect to the validity of the authorization and issuance of the Series 2012 Bonds;

(ii) the approving opinion of counsel to the Issuer, in substantially the form set forth on **Exhibit C** hereto, dated the Closing Date and addressed to the Issuer, Bond Counsel and the Purchaser,

(iii) a certificate of the Issuer, dated as of the Closing Date and in form and substance satisfactory to the Purchaser, to the effect that: (A) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing Time and that each of its representations contained herein is true as of the Closing Time; (B) the Issuer has authorized, by all necessary action: the execution, delivery, receipt and due performance of the terms and provisions of the Series 2012 Bonds, the Indenture, this Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer to carry out, give effect to and consummate the transactions contemplated hereby; (C) no litigation is pending, or, to the best of the Issuer's knowledge, threatened, to restrain or enjoin the issuance or sale of the Series 2012 Bonds or in any way affecting any authority for or the validity of the Series 2012 Bonds or the Issuer's existence, powers or right to use the proceeds of the Series 2012 Bonds or the due execution, delivery and performance of the Indenture; and (D) the execution, delivery, receipt and due performance of the Series 2012 Bonds, the Indenture

and the other agreements contemplated hereby under the circumstances contemplated hereby and compliance with the provisions thereof will not conflict with or constitute a breach of or a default under any existing law, court or administrative regulation, decree or order or any resolution, agreement, indenture or other instrument to which the Issuer is subject or by which it is or may be bound;

(iv) an original counterpart of the Indenture;

(v) an executed Tax Compliance Agreement, satisfactory in form and substance to the Purchaser, dated as of the Closing Date;

(vi) a completed and executed IRS Form 8038-G;

(vii) a certificate of the County Clerk of Geary County, Kansas certifying that 60 days has elapsed from the final publication of Resolution No. 5-7-12 of the Board of County Commissioners of Geary County, Kansas and there has not been filed a sufficient protest petition; and

(viii) such additional certificates and other documents as the Purchaser, legal counsel to the Purchaser and Bond Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby, all such certificates and other documents to be satisfactory in form and substance to the Purchaser.

All the opinions, letters, certificates, instruments and other documents mentioned in this Agreement shall be deemed to be in compliance with this Agreement if, but only if, they are in form and substance satisfactory to the Purchaser and legal counsel to the Purchaser.

Section 5. Conditions of the Issuer's Obligations. If the Issuer is unable to satisfy the conditions to the obligations of the Purchaser contained in this Agreement, or if the obligations of the Purchaser are terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Purchaser nor the Issuer shall be under further obligation hereunder except their respective obligations with respect to payment of expenses as provided in **Section 8**. However, the Purchaser may in its discretion waive one or more of the conditions imposed by this Agreement for the protection of the Purchaser and proceed with the Closing.

Section 6. Purchaser's Right to Cancel The Purchaser shall have the right to cancel the obligation hereunder to purchase the Series 2012 Bonds (such cancellation shall not constitute a default for purposes of **Section 3** hereof) by notifying the Issuer in writing or by facsimile of its election to make such cancellation prior to the Closing Time, if at any time after the execution of this Bond Purchase Agreement and prior to the Closing Time, the market price or marketability of the Series 2012 Bonds shall be materially adversely affected by any of the following events:

(a) A committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation which, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body or upon interest received on obligations of the general character of the Series 2012 Bonds.

(b) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or be recommended to the Congress of the United States for passage by the President of the United States, or be enacted by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the IRS shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon revenues or other income of the general character to be derived by the Issuer or by any similar body or upon interest received on obligations of the general character of the Series 2012 Bonds.

(c) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by the Legislature of the State or by any other governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered, or litigation challenging the law under which the Series 2012 Bonds are to be issued shall be filed in any court in the State.

(d) A stop order, ruling, regulation or official statement by, or on behalf of, the SEC or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Series 2012 Bonds, including all underlying obligations, as contemplated hereby, is in violation or would be in violation of any provision of the 1933 Act, the 1934 Act or the Trust Indenture Act of 1939, as amended.

(e) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Series 2012 Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the 1933 Act or the 1934 Act.

(f) Any general banking moratorium shall have been established by federal, New York or Kansas authorities.

(g) Any proceeding shall be pending or threatened by the SEC against the Issuer.

(h) A war involving the United States shall have been declared, or any conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred. Purchaser acknowledges that no such war or conflict exists as of the date of this Agreement.

Section 7. Representations and Agreements to Survive Delivery. The Issuer's and Purchaser's representations and warranties shall survive the execution and delivery to the Purchaser of the Bonds and the instruments and documents contemplated thereby.

Section 8. Payment of Expenses. The Issuer agrees to pay or cause the Developer to pay all expenses incident to the performance of its obligations hereunder, including but not limited to (a) the cost of preparing, printing, reproducing, registering, safeguarding, transporting and authenticating the Series 2012 Bonds, (b) the fees and disbursements of Bond Counsel, the Issuer's financial advisors, and any other experts or consultants retained by the Issuer, (c) the fees and expenses of the Issuer in

connection with the issuance and sale of the Series 2012 Bonds, including all publications required by the Act, (d) the cost of printing or other reproduction and distribution of the documents in connection with the issuance of the Series 2012 Bonds, including the Indenture, and (e) the fees and disbursements of the Trustee, Registrar and Paying Agent.

The Issuer shall be under no obligation to pay any expenses incident to the performance of the Purchaser's obligations hereunder. The Purchaser shall pay the expenses incurred by it in connection with its purchase of the Series 2012 Bonds and the fees of legal counsel to the Purchaser.

Section 9. Miscellaneous.

(a) This Agreement shall inure to the benefit of the Purchaser and the Issuer and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. The terms "successor" and "assigns" as used in this Agreement shall not include any purchaser, acting in such capacity, of any of the Series 2012 Bonds from the Purchaser.

(b) Any notice or other communication to be given to the Issuer under this Agreement may be given by mailing or delivering the same in writing to the Issuer at the address shown on the first page of this Agreement to the attention of the City Manager. Any notice or other communication to be given to the Purchaser under this Agreement may be given by mailing or delivering the same in writing to the Purchaser as follows: Farmers & Merchants Bank of Colby, 240 West 4th Street, Colby, Kansas 67701, Attention: President / CEO.

(c) No provision, covenant, representation, agreement or obligation contained in this Agreement or any breach of this Agreement shall constitute or give rise to a pecuniary liability or a charge against the Issuer's general credit or taxing power.

(d) Neither the Issuer nor any other director, officer, member, employee or agent (including any financial advisor, consultant, structuring agent or escrow agent) of the Issuer shall be charged personally by the Purchaser with any liability, or held personally accountable to the Purchaser, under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Agreement

(e) This Bond Purchase Agreement may be executed in one or more counterparts, and if executed in more than one counterpart, the executed counterparts shall together constitute a single instrument.

Section 10. Applicable Law; Nonassignability. This Agreement shall be governed by the laws of the State of Kansas. This Bond Purchase Agreement may not be assigned by either party without the express written consent of the other party

Section 9. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

FARMERS & MERCHANTS BANK OF COLBY

By: _____

Name: Brent Wiedeman

Title: President / CEO

Accepted as of the date first above written, subject to, and in accordance with the Indenture:

CITY OF JUNCTION CITY, KANSAS

Mayor

(Seal)

ATTEST:

City Clerk

EXHIBIT A
\$3,665,000
SPECIAL OBLIGATION REVENUE BONDS
(DICK EDWARDS AUTO PLAZA PROJECT)
SERIES 2012

MATURITY SCHEDULE
SERIES 2012 BONDS

Stated Maturity	Principal	Annual Rate
<u>August 1</u>	<u>Amount</u>	<u>of Interest</u>
2032	\$3,665,000	5.00%

Closing Date: August 1, 2012

REDEMPTION OF BONDS

(a) ***Optional Redemption.*** At the option of the City, the Bonds are subject to redemption and payment prior to their Stated Maturity on August 1, 2022 and thereafter, as a whole or in part (selection of maturities and the amount of Bonds to be redeemed to be determined as set forth in ***Section 304*** of the Indenture) at any time, at the Redemption Price of **100%** (expressed as a percentage of principal amount) plus accrued interest to the Redemption Date.

(b) ***Mandatory Sinking Fund Redemption.*** The Bonds are subject to mandatory redemption and payment prior to maturity on August 1 in each of the years set forth below, at a Redemption Price of **100%** of the principal amount thereof plus accrued interest to the Redemption Date:

[balance of this page left blank intentionally]

Principal Amount	Year
\$ 40,000	2015
65,000	2016
85,000	2017
95,000	2018
105,000	2019
125,000	2020
140,000	2021
160,000	2022
180,000	2023
205,000	2024
225,000	2025
250,000	2026
280,000	2027
305,000	2028
335,000	2029
370,000	2030
400,000	2031
300,000	2032*

*Final Maturity

(c) ***Special Mandatory Redemption.*** The Bonds shall be subject to special mandatory redemption and payment prior to Stated Maturity on August 1, 2022 and each August 1st thereafter, in an amount equal to moneys on deposit in the Special Redemption Account of the Debt Service Fund 30 days prior to each applicable August 1st (rounded down to the nearest Authorized Denomination), after all required transfers have been made as required by **Section 502** of the Indenture, at a Redemption Price equal to **100%** of the principal amount thereof plus accrued interest to the Redemption Date.

(d) ***Mandatory Redemption from Excess Project Funds.*** The Bonds shall be subject to special mandatory redemption and payment prior to Stated Maturity at the option of the City, in whole or in part (selection of maturities and the amount of Bonds to be redeemed to be determined as set forth in **Section 304** of the Indenture) at any time upon 30-days notice to the Registered Owners thereof, at a Redemption Price equal to **100%** of the principal amount thereof, plus accrued interest thereon to the Redemption Date, from funds transferred to the Debt Service Fund pursuant to **Section 408(b)** or **(d)** of the Indenture.

EXHIBIT B
\$3,665,000
SPECIAL OBLIGATION REVENUE BONDS
(DICK EDWARDS AUTO PLAZA PROJECT)
SERIES 2012

FORM OF BOND COUNSEL OPINION

August 1, 2012

Governing Body
City of Junction City, Kansas

Farmers & Merchants Bank of Colby
Colby, Kansas

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

Re: City of Junction City, Kansas, Special Obligation Revenue Bonds (Dick Edwards
Auto Plaza Project), Series 2012

We have acted as Bond Counsel in connection with the issuance by the City of Junction City, Kansas (the "Issuer"), of the above-captioned bonds (the "Bonds"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

The Bonds have been authorized and issued under and pursuant to K.S.A. 12-1770 *et seq.*, as amended (the "Act"), an Ordinance passed by the governing body of the Issuer and a Bond Trust Indenture, dated as of August 1, 2012 (the "Indenture") between the Issuer and Security Bank of Kansas City, as Trustee (the "Trustee"). Capitalized terms used and not otherwise defined in this opinion shall have the meanings assigned to those terms in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the Tax Compliance Agreement and the other financing documents and the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a city of the first class with power to pass the Bond Ordinance and issue the Bonds pursuant to the Act.

2. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding special obligations of the Issuer secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, which includes a pledge of the Incremental Tax Revenues and the Issuer's rights under the Financing Documents. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Kansas or of any political subdivision thereof within the meaning of any state constitutional

provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Kansas or of any political subdivision thereof, but shall be payable solely from the Trust Estate. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Kansas, the Issuer or any political subdivision thereof to levy any form of taxation herefore or to make any appropriation for their payment. The State of Kansas shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer. No breach by the Issuer of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Kansas or any charge upon its general credit or against its taxing power.

3. The Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a valid and legally binding agreement of the Issuer enforceable in accordance with the provisions thereof.

4. The interest on the Bonds is: (a) excluded from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest on the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The stated interest on the Bonds is excluded from computation of Kansas adjusted gross income.

We express no opinion regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds. Further, we express no opinion regarding the perfection or priority of the lien on the Trust Estate pledged under the Indenture or tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability thereof and of the Financing Documents may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Gilmore & Bell, P.C.

EXHIBIT C
\$3,665,000
SPECIAL OBLIGATION REVENUE BONDS
(DICK EDWARDS AUTO PLAZA PROJECT)
SERIES 2012

FORM OF ISSUER'S COUNSEL OPINION

August 1, 2012

Governing Body
City of Junction City, Kansas

Farmers & Merchants Bank of Colby
Colby, Kansas

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

Re: City of Junction City, Kansas, Special Obligation Revenue Bonds (Dick Edwards
Auto Plaza Project), Series 2012

I serve as the City Attorney for the City of Junction City, Kansas (the "City"), and I have acted as such in connection with the issuance and sale of the above referenced bonds (the "Bonds"). This opinion is being delivered pursuant to Section 3(b)(iii) of the Bond Purchase Agreement dated July 18, 2012 (the "Bond Purchase Agreement") between the City and Farmers & Merchants Bank of Colby, Colby, Kansas (the "Purchaser"). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

In connection with this opinion, I have examined the following documents:

- (a) Ordinance No. _____ (the "Bond Ordinance") passed by the City on July 17, 2012;
- (b) The Bond Trust Indenture, dated as of August 1, 2012 (the "Indenture"), between the City and Security Bank of Kansas City, as trustee (the "Trustee");
- (c) The Bond Purchase Agreement;
- (d) The Redevelopment Plan approved by the City in June 2012 (the "Redevelopment Plan"); and
- (e) The Redevelopment Agreement dated June 19, 2012 (the "Development Agreement") between the City and the Developer.

I have also examined the records of the City and certificates of public officials and officers of the City, the proceedings of the City relating to the Redevelopment Plan and the City Documents (as hereinafter defined), certificates and certifications of the City, the Trustee and others as to certain factual matters upon which I have relied without undertaking to verify the same by independent investigation,

and I have examined such law of the State of Kansas and of the United States of America and such other documents and matters to the extent I deemed necessary to render the opinions set forth herein.

Based upon the foregoing, I am of the opinion that:

1. The Bond Ordinance has been duly passed by the City and the Bond Ordinance is in full force and effect and has not been repealed or amended by the City.

2. The Indenture, the Bond Purchase Agreement and the Development Agreement (collectively, the “City Documents”) have been duly and validly authorized, executed and delivered by the City and are valid and binding obligations of the City, enforceable in accordance with their respective terms except as enforceability may be limited by bankruptcy, reorganization, insolvency, or other similar laws or equitable principles affecting the enforcement of creditors’ rights generally and except that no opinion is given as to the enforceability of the indemnification provision of the Bond Purchase Agreement.

3. To the best of my knowledge, after reasonable investigation, (i) there is no action, suit or proceeding or investigation at law or in equity before or by any court, public board or body pending, or, to its knowledge, threatened against or affecting the City (a) to restrain or enjoin the sale, issuance or delivery of any of the Bonds or the execution and delivery of the City Documents or the collection or application of revenues under the Indenture, (b) in any way contesting or affecting the power of the City to sell or issue the Bonds or the validity of the Bonds or the City Documents, or (c) in any way contesting the existence, powers or actions of the City relating to the issuance of the Bonds, the Redevelopment Plan and the City Documents.

4. The execution and delivery by the City of the City Documents, and the consummation of the transactions contemplated thereby and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any respect conflict with or constitute on the part of the City a breach of or default under its charter or municipal code or any applicable constitutional provision, law, rule or regulation of the State of Kansas or the United States of America or any applicable judgment, order or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which it or any of its property or assets is otherwise subject.

6. No authorization, approval, consent, license or order of, or filing or registration with, the State of Kansas or any other governmental authority or agency within the State of Kansas or any trustee or holder of any indebtedness of the City, other than the City Commission, that has not been obtained is required for the valid authorization, execution and delivery by the City of the City Documents or the performance by the City of its obligations thereunder.

7. The Redevelopment Plan has been validly approved by the City and has not been repealed or amended by the City.

In rendering the foregoing opinions, I have assumed the due authorization, execution and delivery by the parties thereto other than the City of the City Documents and the due authentication and delivery of the Bonds by the Trustee. No person or entity other than the addressees named in this opinion and the registered owners from time to time of the Bonds is authorized to rely hereon.

Very truly yours,

EXHIBIT D
FORM OF INVESTOR LETTER
INVESTOR LETTER

City of Junction City, Kansas
City Hall, 700 N. Jefferson
P.O. Box 287
Junction City, Kansas 66441

Security Bank of Kansas City
Corporate Trust Department
701 Minnesota Avenue, Suite 206
Kansas City, Kansas 66117

Re: City of Junction City, Kansas Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012

Ladies and Gentlemen:

The above-captioned bonds (the "Bonds") have been issued pursuant to the Bond Trust Indenture, dated as of August 1, 2012 (the "Indenture"), between the City of Junction City, Kansas (the "Issuer") and Security Bank of Kansas City, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

On the date hereof, in connection with its purchase of the Bonds, the entity executing this Investment Letter (the "Investor") does hereby certify as follows:

(a) The Investor is knowledgeable and experienced in financial and business matters and is capable of evaluating investment merit and risks associated with its purchase of the Series 2012 Bonds.

(b) The Investor has received and carefully reviewed a copy of the Indenture, including provisions relating to the security for payment of the Series 2012 Bonds. The Investor acknowledges and understands that the Series 2012 Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Series 2012 Bond proceeds or the income from the temporary investment thereof) solely out of the Incremental Tax Revenues, if any, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2012 Bonds, as provided in the Indenture. The Series 2012 Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the Issuer, the State or any political subdivision thereof, but shall be payable solely from the Trust Estate. The issuance of the Series 2012 Bonds shall not, directly, indirectly or contingently, obligate the Issuer, the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

(c) The Investor acknowledges that the Bonds are a speculative investment secured solely by a pledge of revenues to be derived from the Redevelopment Project. The Investor further acknowledges that it has no interest in or claim on any real or personal property related to the Redevelopment Project.

(d) The Investor acknowledges that the availability of moneys for deposit to the Debt Service Reserve Fund is contingent upon the Redevelopment Project producing revenues in excess of the costs of principal and interest, and other costs associated with, the Bonds.

(e) The Investor acknowledges that, pursuant to the Indenture, the non-payment of principal and interest in full when due is not an Event of Default if there are insufficient moneys on hand in the Debt Service Fund, Debt Service Reserve Fund and Special Redemption Account to make such payments. In this circumstance the Investor shall have no right to acceleration or any other remedies available to cause timely payment.

(f) The Investor acknowledges that the time period during which Incremental Tax Revenues may be collected is finite and the Investor may suffer a loss of principal if any unpaid balance remains at the end of the Tax Collection Period.

(g) The Investor acknowledges that a failure to perform by the Developer under the terms of the Redevelopment Agreement may impair the Developer's ability to seek reimbursement for Redevelopment Project Costs, potentially delaying completion of the project and impairing the collection of Incremental Tax Revenues.

(h) The Investor acknowledges that, in the event of a change in use at the Developer's Grant Avenue facility that results in a lower valuation for *ad valorem* property tax purposes, the amount of Sales Taxes permitted to be captured will decrease, reducing Incremental Tax Revenues as a result.

(i) The Investor acknowledges that, pursuant to the Indenture, Excess Incremental Tax Revenues may be collected and used to redeem Bonds prior to their stated maturity, potentially reducing the Investor's economic return from holding the Bonds.

(j) The Investor acknowledges that the Bonds are subject to extraordinary mandatory redemption upon completion of the project or upon the third anniversary of the issuance of the Bonds, whichever is sooner, in the event any balance remains in the Project Fund at that time.

(k) The Investor acknowledges that the Authorized Denomination on the Bonds makes the Bonds more difficult to sell in the secondary market. No secondary market for the Bonds exists as of the date hereof and may not materialize during the life of the Bonds.

(l) The Investor acknowledges that a change in law related to the exemption of the interest on the Bonds from State and Federal income taxes or related to the Investor's ability to obtain the full value of such exemption may impact the expected economic return it expects to receive from holding the Bonds.

(m) The Investor acknowledges that no official statement, private placement memorandum or other offering document has been or will be prepared in connection with the sale and purchase of the Series 2012 Bonds.

(n) The Investor confirms that its investment in the Series 2012 Bonds constitutes an investment that is suitable for and consistent with its investment program and that the Investor is

able to bear the economic risk of an investment in the Series 2012 Bonds, including a complete loss of such investment.

(o) The Investor is purchasing the Series 2012 Bonds solely for its own account for investment purposes only, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof. Notwithstanding such intent, the Investor will not be prohibited in the future from reselling the Series 2012 Bonds although there is no present expectation to do so, and any such resale must be in accordance with applicable securities laws. The Investor agrees that prior to any such sale of the Series 2012 Bonds to a subsequent investor it will obtain from such investor an Investor Letter in substantially the form hereof and will provide a copy of such Investor Letter to the Trustee.

(p) The Investor has had access to, and has examined to the extent the undersigned has deemed necessary, financial statements and other data of the Issuer and the Developer, including but not limited to sales tax projections provided by the Developer, the feasibility study prepared for the Developer by Canyon Research Southwest, Inc., cash flow projections prepared by Oppenheimer & Co., acting as the original Placement Agent for the Bonds (the "Placement Agent"), and financial statements of the Developer, which the undersigned considers sufficient to enable the Investor to form a decision concerning its purchase of the Series 2012 Bonds.

(q) The Investor acknowledges that none of any past, present or future officers, directors, members, employees or agents of the Issuer (including without limitation the Issuer's legal counsel, the Issuer's financial advisors, the Issuer's consultants, the Issuer's bond counsel or their officers, directors, members, employees or agents) will have any responsibility to the Investor for the accuracy or completeness of any information obtained by the Investor from any source bearing on the Investor's decision concerning a purchase of the Series 2012 Bonds.

(r) The Investor acknowledges that any information presented to it by or received from the Placement Agent or the Developer is the responsibility of such entities. The Issuer expressly disclaims any responsibility for errors or omissions in such information provided by the Placement Agent or the Developer.

(s) The Investor acknowledges that neither the Issuer nor any of its employees, agents or contractors has provided it with any information related to the project, the availability of Incremental Tax Revenues, or the terms and conditions of the Financing Documents.

(t) The Investor acknowledges and understands that the Issuer is relying and will continue to rely on the statements made herein. The Investor agrees to notify the Issuer immediately of any changes in the information and conclusions herein.

This letter and the statements contained herein are made for your benefit.

[INVESTOR'S NAME]

By _____
Name _____
Title _____

BOND TRUST INDENTURE

Dated as of August 1, 2012

Between

CITY OF JUNCTION CITY, KANSAS

and

**SECURITY BANK OF KANSAS CITY,
as Trustee**

Relating to:

**\$3,665,000
Special Obligation Revenue Bonds
(Dick Edwards Auto Plaza Project)
Series 2012**

BOND TRUST INDENTURE

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BOND TRUST INDENTURE

THIS BOND TRUST INDENTURE (the “Indenture”), entered into as of August 1, 2012, between the **CITY OF JUNCTION CITY, KANSAS**, a municipal corporation of the State of Kansas (the “City”) and **SECURITY BANK OF KANSAS CITY**, a state banking corporation duly organized and existing and authorized to accept and execute trusts of the character herein set out under the laws of the State of Kansas, and having its principal corporate trust office located in the City of Kansas City, Kansas, as trustee (the “Trustee”);

RECITALS

- 1.** The City is a first class city organized and existing under the constitution and laws of the State of Kansas.
- 2.** The City created the Redevelopment District pursuant to the TIF Act and Ordinance No. S-3026 passed by the governing body of the City on September 30, as amended by Ordinance No. S-3103 passed by the governing body of the City on February 21, 2012.
- 3.** The City adopted the Redevelopment Plan for the Project Area within the Redevelopment District by Ordinance No. S-3106 passed by the governing body on May 15, 2012 and published June 29, 2012.
- 4.** The City has the authority under the Act to issue special obligation revenue bonds to finance Redevelopment Project Costs.
- 5.** Pursuant to the Act and the Bond Ordinance, the City is authorized to issue the Bonds in one or more series under this Indenture for the purpose of financing Redevelopment Project Costs and paying Costs of Issuance.
- 6.** All things have been done that are necessary to make the Bonds herein authorized, when executed and issued by the City and authenticated and delivered hereunder upon the terms and conditions to be set forth in this Indenture, the valid and binding obligations of the City in accordance with their terms, and to constitute this Indenture a valid contract for the security of the Bonds herein authorized, in accordance with its terms.

GRANTING CLAUSES

To determine the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under this Indenture from time to time according to their tenor and effect and to secure the performance and observance by the City of all the covenants, agreements and conditions contained in this Indenture and in the Bonds, and in consideration of the promises, the acceptance by the Trustee of the trusts created by this Indenture, the purchase and acceptance of the Bonds by the owners thereof, the City hereby transfers in trust, pledges and assigns to the Trustee, and hereby grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to herein as the “Trust Estate”):

- (a) All right, title and interest of the City (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Incremental Tax Revenues and (2) the Financing Documents; and

- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of this Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under this Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in this Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lieu, benefit and protection of this Indenture of one Bond over or from the others, except as otherwise expressly provided herein, and for the uses and purposes and upon the terms, agreements and conditions set forth herein.

NOW, THEREFORE, the City covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Bonds, that all Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere in this Indenture, the following capitalized words and terms as used in this Indenture and the recitals hereto shall have the following meanings:

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and the TIF Act, all as amended and supplemented from time to time.

“Authorized Denominations” means \$100,000 or any integral multiple of \$1 in excess thereof.

“Bond” or **“Bonds”** means \$3,665,000 Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012 of the City, authorized and issued pursuant to this Indenture

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel.

“Bondowner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

“Bond Ordinance” means, Ordinance No. S-____, passed by the City on July 17, 2012.

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable.

“Bond Purchase Agreement” means the Bond Purchase Agreement between the City and the Original Purchaser with respect to the Bonds.

“Bond Register” means the books for the registration, transfer and exchange of the Bonds kept at the office of the Trustee.

“Bond Registrar” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Indenture or any Supplemental Indenture as bond registrar for the Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“Capitalized Interest” means interest accruing on the outstanding principal of the Bonds during the construction and prestabilization phases of the Redevelopment Project.

“Capitalized Interest Account” means the account by that name created within the Debt Service Fund by **Section 401** hereof.

“City” means the City of Junction City, Kansas, a municipal corporation created pursuant to the laws of the State, and its successors and assigns or any body, agency or instrumentality succeeding to or charged with the powers, duties and functions of the City.

“City Representative” means the Mayor, City Manager or Director of Finance of the City, and any other duly authorized officer of the City whose authority to execute any particular instrument or take a particular action under this Indenture or any Financing Document shall be evidenced to the satisfaction of the Trustee.

“City Sales Tax Revenues” means receipts of the City under K.S.A. 12-187 *et seq.*, as amended, and K.S.A. 12-198, as amended, during the Tax Collection Period, from retail sales and compensating use taxes generated in the Project Area equal to:

(a) That portion (as indicated on **Schedule I** attached hereto) of one (1%) percent of any taxable retail sales in any calendar year above a taxable retail sales base of \$11,400,000 (as such figure may be adjusted to take into account any decrease in appraised value of the Developer’s existing facilities in the City); and

(b) One (1%) percent of all other taxable retail sales within the Project Area;

all as more particularly set forth in Ordinance No. S-3106 of the City and the Redevelopment Agreement, and as permitted by K.S.A. 12-1744(1)(E).

“Clerk” means the duly appointed and/or elected Clerk or, in the Clerk's absence, the duly appointed Deputy Clerk or Acting Clerk of the City.

“Costs of Issuance” means issuance costs with respect to the Bonds, including, but not limited to, the following:

(a) counsel fees (including Bond Counsel, City's counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds);

(b) financial advisor fees of any financial advisor to the City incurred in connection with the issuance of the Bonds;

(c) trustee, escrow agent and paying agent fees;

(d) accountant fees, feasibility consultant fees and other expenses related to issuance of the Bonds;

(e) printing costs for the Bonds; and

(f) fees and expenses of the City incurred in connection with the issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name created by **Section 401** hereof.

“County” means Geary County, Kansas, a political subdivision created pursuant to the laws of the State, and its successors and assigns or any body, agency or instrumentality succeeding to or charged with the powers, duties and functions of the County.

“County Sales Tax Revenues” means receipts of the County under K.S.A. 12-187 *et seq.*, as amended, and K.S.A. 12-198, as amended, during the Tax Collection Period, from retail sales and compensating use taxes generated in the Project Area equal to:

(a) That portion (as indicated on **Schedule I** attached hereto) of one (1%) percent of any taxable retail sales in any calendar year above a taxable retail sales base of \$11,400,000 (as such figure may be adjusted to take into account a decreased appraised value of the Developer’s existing facilities in the City); and

(b) One (1%) percent of all other taxable retail sales within the Project Area;

all as more particularly set forth in Resolution No. 5-7-12 of the County and the Redevelopment Agreement, and as permitted by K.S.A. 12-197.

“Debt Service Fund” means the fund by that name created by **Section 401** hereof.

“Debt Service Requirements” means the aggregate scheduled principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

“Debt Service Reserve Fund” means the fund by that name created by **Section 401** hereof.

“Debt Service Reserve Requirement” means, on any valuation date, the lesser of \$800,000 or twice Maximum Annual Debt Service.

“Defaulted Payments” shall have the meaning set forth in **Section 202(b)** hereof.

“Defeasance Obligations” means any of the following obligations:

(a) Government Obligations which are not subject to redemption prior to maturity;
or

(b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or

(c) Pre-refunded municipal bonds rated in the highest rating category by Moody's and Standard & Poor's which have been refunded and defeased with obligations described in clauses (a) or (b) and which are not subject to redemption prior to the respective maturity or Redemption Dates of the Bonds being defeased with such pre-refunded municipal bonds.

“Developer” means Richard L. Edwards.

“Event of Default” shall have the meaning set forth in **Section 801** hereof.

“Excess Incremental Tax Revenues” means the Incremental Tax Revenues in the Project Area Tax Increment Fund after application of the Incremental Tax Revenues pursuant to subsections (a) through (c) of **Section 502**.

“Financing Documents” means the Bonds, this Indenture, the Redevelopment Agreement, the Bond Purchase Agreement, any and all other documents or instruments that evidence or are a part of the transactions referred to in this Indenture or contemplated by this Indenture; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Financing Documents” are used in the context of the authorization, execution, delivery, approval or performance of Financing Documents by a particular party, the same shall mean only those Financing Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“Fiscal Year” means the twelve month period ending on December 31.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Government Obligations” means the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

“Incremental Tax Revenues” means the Property Tax Revenues and the Sales Tax Revenues.

“Indenture” means this Bond Trust Indenture as originally executed by the City and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of this Indenture.

“Interest Payment Date” means each August 1 and February 1, commencing February 1, 2013.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“Issue Date” means the date when the City delivers the Bonds to the Purchaser in exchange for the purchase price thereof.

“Issuer” means the City.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or at a call for redemption or otherwise.

“Maximum Annual Debt Service” means the maximum amount of Debt Service Requirements as computed for the then current or any future Fiscal Year.

“Moody's” means Moody's Investors Service, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Moody's shall be deemed to refer to any other nationally recognized securities rating agency which shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exclusion from federal gross income of interest on such obligations.

“Opinion of Bond Counsel” means a written opinion of Gilmore & Bell, P.C., or other legal counsel acceptable to the City and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers.

“Opinion of Counsel” means a written opinion in the form described in **Section 1204** hereof of any legal counsel acceptable to the Trustee, and, to the extent the City is asked to take action in reliance thereon, the City, who may be an employee of or counsel to the Trustee.

“Original Purchaser” means Farmers & Merchants Bank of Colby, Colby, Kansas.

“Outstanding” means, when used with respect to Bonds, as of any particular date, the Bonds theretofore issued and delivered under this Indenture, except

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in **Section 210** of this Indenture;

(b) Bonds for whose payment or redemption money or Defeasance Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the

Bondowners as provided in **Section 1101** of this Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture; and

(d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in **Section 209** of this Indenture.

“Owner” means any Bondowner.

“Paying Agent” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the City's moneys held in the funds and accounts referred to in **Section 501** and **Section 502** hereof:

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below);
- (b) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;
- (c) Obligations of any federal agencies which obligations represent the full faith and credit of the United States of America, including:
 - Export-Import Bank
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration (formerly the Farmers Home Administration)
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA's)
 - Federal Housing Administration
 - Federal Financing Bank;
- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - Senior debt obligations rated “Aaa” by Moody's and “AAA” by Standard & Poor's issued by the Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC)
 - Obligations of the Resolution Funding Corporation (REFCORP)

— Senior debt obligations of the Federal Home Loan Bank System;

- (e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by Standard & Poor's and maturing no more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
- (f) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by Standard & Poor's and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;
- (h) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), on a parity with or better than direct obligations of the Department of the Treasury of the United States of America by Standard & Poor's and Moody's or any successors thereto; or
 - (2) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified Redemption Date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; or
 - (3) which are municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of at least "A2/A" or higher by both Moody's and Standard & Poor's;
- (i) Repurchase agreements with any bank, bank holding company, savings and loan association, trust company or other financial institution organized under the laws of the United States or any state thereof (including the Trustee or any of its affiliates), that are continuously and fully secured by Government Obligations or obligations of a type described in clauses (a), (b), (c) or (d) above and which have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreements, provided that each such repurchase agreement conforms to current industry standards as to form and time, is in commercially reasonable form, is for a commercially reasonable period, results in transfer of legal title to identified Government Obligations which are segregated in a custodial or trust account for the benefit of the Trustee; and
- (j) any other securities or investments not inconsistent with the foregoing that are lawful for the investment of moneys held in such funds or accounts under laws of the State of Kansas.

The value of the above investments, which shall be determined as of the end of each month, shall be calculated as follows:

- (1) For securities: (A) the closing bid price quoted by Interactive Data Systems, Inc.; or (B) a valuation performed by a nationally recognized and accepted pricing service acceptable to the Trustee whose valuation method consists of the composite average of various bid price quotes on the valuation date; or (C) the lower of two dealer bids on the valuation date. The dealers or their parent holding companies must be rated at least investment grade by Moody's and Standard & Poor's and must be market makers in the securities being valued;
- (2) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest;
- (3) As to repurchase agreements: the lower of the then current market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement; and
- (4) As to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

“Person” means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Prime Rate” means, for any date of determination, the interest rate per annum published from time to time by the *Wall Street Journal* or its successor.

“Project Area” means the property within the Redevelopment District referred to as the Project Area in the Redevelopment Plan.

“Project Area Tax Increment Fund” means the Dick Edwards Auto Plaza Project Tax Increment Fund created by **Section 401** hereof.

“Project Fund” means the fund by that name created by **Section 401** hereof.

“Property Tax Revenues” means the real property taxes attributable to the increase in the current assessed valuation over the base assessed valuation of the real property from the Redevelopment District during the Tax Collection Period, all as determined in accordance with the TIF Act.

“Rating Agency” means any company, agency or entity that provides financial ratings for the Bonds.

“Rebate Fund” means the fund by that name created by **Section 401** hereof.

“Record Dates” for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Redemption Date” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of this Indenture.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of this Indenture, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Redevelopment Agreement” means the Redevelopment Agreement, dated June 19, 2012, between the City and the Developer, as amended and supplemented from time to time.

“Redevelopment District” means the area described in **Exhibit D** hereto.

“Redevelopment Plan” shall mean the Dick Edwards Auto Plaza Project Plan for the Project Area within the Redevelopment District as described in the recitals hereof, approved by Ordinance No. S-3106 passed on May 15, 2012 and published June 29, 2012.

“Redevelopment Project” means redevelopment project as described in the Redevelopment Plan.

“Redevelopment Project Costs” means those costs as defined in K.S.A. § 12-1770a(o), as amended from time to time, that may be paid through tax increment financing and which the City has agreed to pay as eligible expenses under the Redevelopment Agreement, including redevelopment project costs allowed under the Redevelopment Plan and Capitalized Interest.

“Revenue Fund” means the fund by that name created by **Section 401** hereof.

“Sales Tax Revenues” means the City Sales Tax Revenues and the County Sales Tax Revenues.

“Special Redemption Account” means the account by that name within the Debt Service Fund.

“Standard & Poor’s” means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Trustee.

“State” means the State of Kansas.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Indenture as the fixed date (including mandatory sinking fund redemption date) on which the principal of such Bond or such installment of interest is due and payable.

“State Treasurer” means the State Treasurer of the State or, if the functions and duties of the State Treasurer under K.S.A. 79-3620, K.S.A. 79-3620b and K.S.A. 79-3710d shall be given by law to any other person or entity, such person or entity.

“Supplemental Indenture” means any indenture supplemental or amendatory to this Indenture entered into by the City and the Trustee pursuant to **Article XI** of this Indenture.

“Tax Collection Period” means (i) with respect to Property Tax Revenues from the Redevelopment District, the period commencing with the first payment of taxes levied following the date of the establishment of the Redevelopment District and continuing until the later of the date no Bonds remain Outstanding or the Redevelopment Project is complete, but no later than the payment of taxes levied 20 years from the date of the approval of the Redevelopment Plan, and (ii) with respect to Sales Tax Revenues, the period commencing with calendar year 2013 and continuing until the later of the date no Bonds remain Outstanding or the Redevelopment Project is complete, but not to exceed 20 years from the date of the approval of the Redevelopment Plan.

“Tax Compliance Agreement” means the Tax Compliance Agreement between the City, the Developer and the Trustee dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

“TIF Act” means K.S.A. 12-1770 *et seq.*, as amended and supplemented from time to time.

“Term Bonds” means any Bonds designated as Term Bonds in this Indenture.

“Treasurer” means the duly appointed and acting Treasurer of the City or, in the Treasurer's absence, the duly appointed Deputy or acting Treasurer of the City.

“Trust Estate” means the Trust Estate described in the Granting Clauses of this Indenture.

“Trustee” means Security Bank of Kansas City, Kansas City, Kansas, and its successors or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under this Indenture.

“Value” as of any particular time of determination, means, (a) with respect to cash the face value thereof and (b) with respect to any investments, the lower of the cost of the investment or the market price of the investment on the date of valuation.

Section 102. Rules of Construction.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

(a) Words importing the singular number shall include the plural and vice versa and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(c) All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.

(d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.

(e) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(g) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

(h) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

ARTICLE II

THE BONDS

Section 201. Authorization, Amount and Title of Bonds. No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The total principal amount of Bonds, the number of Bonds and series of Bonds that may be issued under this Indenture is limited as provided in **Section 202** hereof. The general title of all Bonds authorized to be issued under this Indenture shall be “Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project),” with such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular series as the City may determine.

Section 202. Description of the Bonds.

(a) There shall be issued under and secured by this Indenture a series of Bonds in the aggregate principal amount of \$3,665,000, which series of Bonds shall be designated “Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012.” The Bonds have been authorized and issued for the purpose of providing funds to (a) pay a portion of the Redevelopment Project Costs; (b) pay Capitalized Interest; and (c) pay certain Costs of Issuance of the Bonds.

(b) The Bonds shall be dated the Issue Date and shall become due in the amounts, on the Stated Maturities, and subject to redemption and payment, prior to their Stated Maturities as provided in **Article III** hereof, and shall bear interest at the rates per annum as follows

SERIES 2012 BONDS

TERM BONDS

Stated Maturity	Principal	Annual Rate
<u>August 1</u>	<u>Amount</u>	<u>of Interest</u>
2032	\$3,665,000	5.00%

The Bonds shall bear interest at the above specified rates (computed on the basis of a **360**-day year of twelve **30**-day months) from the later of the Issue Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in **Section 204** hereof. In the event that interest on or principal of any Bond is not paid on the Stated Maturity thereof (herein referred to as “**Defaulted Payments**”), such unpaid amount shall be paid on the next Interest Payment Date for which funds are available to make such payment, and such unpaid amount shall continue to accrue interest at the stated rate of interest until paid.

(c) The Bonds shall be executed in the manner set forth herein and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(1) A copy, certified by the Clerk, of the ordinance adopted by the City authorizing the issuance of the Bonds and the execution of this Indenture and any other Financing Documents as may be necessary.

(2) Original executed counterparts of this Indenture and the Redevelopment Agreement.

(3) A request and authorization to the Trustee, on behalf of the City, executed by an City Representative, to authenticate the Bonds and deliver the Bonds to the Original Purchaser thereof upon payment to the Trustee, for the account of the City, of the initial purchase price thereof. The proceeds of the sale of such Bonds shall be immediately paid over to the Trustee and shall be deposited and applied by the Trustee as provided in **Article IV** hereof.

(4) An Opinion of Bond Counsel, dated the Issue Date of the Bonds, in the form required by the Bond Purchase Agreement.

(5) Such other opinions, certificates, statements, receipts and documents required by any of the Financing Documents or as the Trustee shall reasonably require for the delivery of the Bonds.

Section 203. Authorization of Additional Bonds. No bonds or obligations other than the Bonds may be issued under and be secured by this Indenture.

Section 204. Method and Place of Payment of the Bonds. The principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that the City may provide for any such payment by electronic transfer of funds. The principal of all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the Bond Register maintained by the Trustee at the maturity or Redemption Date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the Registered Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such Registered Owner at his address as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal

amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than **15** days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

The Trustee shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the City.

Section 205. Form, Denomination, Numbering and Dating. The Bonds shall be issuable in the form of one or more fully registered Bonds without coupons in substantially the form set forth in **Exhibit A** hereto, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture. The Bonds may contain or have endorsed thereon such legends or text not inconsistent with the provisions of this Indenture as may be necessary or desirable and as may be determined by the City prior to their authentication and delivery.

The Bonds shall be issuable in Authorized Denominations and shall be numbered in such manner as the Trustee shall designate.

Section 206. Execution and Authentication. The Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and shall have the official seal of the City affixed thereto or imprinted thereon. If any officer whose manual or facsimile signature appears on any Bonds shall cease to hold such office before the authentication and delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form set forth in or fixed pursuant to **Exhibit A** hereto, executed by the Trustee by manual signature of an authorized officer or signatory of the Trustee, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Indenture, the City may deliver Bonds executed by the City to the Trustee for authentication and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

Section 207. Registration, Transfer and Exchange. The Trustee shall cause to be kept at its principal corporate trust office the Bond Register in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as herein

provided. The Trustee is hereby appointed Bond Registrar for the purpose of registering Bonds and transfers of Bonds as herein provided.

Bonds may be transferred or exchanged only upon the Bond Register maintained by the Trustee as provided in this Section. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Trustee, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds, of any Authorized Denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the City or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the City and the Trustee, as bond registrar, duly executed by the owner thereof or his attorney or legal representative duly authorized in writing.

All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as required by applicable law.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid by the owner thereof before any such new Bond shall be delivered. In the event any registered owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business **15** days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Bond and ending at the close of business on the day of such publication or mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for the Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

The Person in whose name any Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in this Indenture, and payment of or on account of the principal of and interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its principal corporate trust office a list of the names and addresses of the last known owners of all Bonds and the serial numbers of such Bonds held by each of such owners. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by the City and the owners of at least **10%** of the Bonds or the authorized

representative thereof, provided that the ownership of such owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Section 208. Temporary Bonds. Pending the preparation of definitive Bonds, the City may execute, and upon request of the City the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the City will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the principal corporate trust office of the Trustee, without charge to the owner. Upon surrender for cancellation of any one or more temporary Bonds, the City shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of this Indenture.

Section 209. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Trustee such security or indemnity as may be required by it to save the Trustee and the City harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the City shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Bond, direct the Trustee to pay such Bond.

Upon the issuance of any new Bond under this Section, the City and the Trustee may require the payment by the owner thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 210. Cancellation of Bonds. All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Trustee, shall be promptly cancelled by the Trustee, and, if surrendered to any Paying Agent other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee. The City may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly

cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. The Trustee shall execute and deliver to the City a certificate describing the Bonds so cancelled. All cancelled Bonds held by the Trustee shall be disposed of in accordance with applicable law.

Section 211. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 212. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the owner thereof for the payment of such Bond, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within two years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds Generally. The Bonds are subject to redemption prior to maturity in accordance with their terms and the terms and provisions set forth in this **Article III**.

Section 302. Redemption of Series 2012 Bonds. The Bonds shall be subject to redemption and payment prior to their Stated Maturity, as follows:

(a) ***Optional Redemption.*** At the option of the City, the Bonds are subject to redemption and payment prior to their Stated Maturity on August 1, 2022 and thereafter, as a whole or in part (selection of maturities and the amount of Bonds to be redeemed to be determined as set forth in **Section 304** hereof) at any time, at the Redemption Price of **100%** (expressed as a percentage of principal amount) plus accrued interest to the Redemption Date.

(b) ***Mandatory Sinking Fund Redemption.*** The Bonds are subject to mandatory redemption and payment prior to maturity on August 1 in each of the years set forth below, at a Redemption Price of **100%** of the principal amount thereof plus accrued interest to the Redemption Date:

<u>Principal Amount</u>	<u>Year</u>
\$ 40,000	2015
65,000	2016
85,000	2017
95,000	2018
105,000	2019
125,000	2020
140,000	2021
160,000	2022
180,000	2023
205,000	2024
225,000	2025
250,000	2026
280,000	2027
305,000	2028
335,000	2029
370,000	2030
400,000	2031
300,000*	2032*

*Final Maturity

The Trustee shall, in each year in which the Bonds referenced in this subsection (collectively, the “Term Bonds”) are to be redeemed pursuant to the terms of this subsection, make timely selection of such Term Bonds or portions thereof to be redeemed pursuant to the terms of this subsection in Authorized Denominations in such equitable manner as the Trustee determines and shall give notice thereof without further instructions from the City. At the option of the City, to be exercised on or before the 35th day next preceding each mandatory Redemption Date, the City may (1) deliver to the Trustee for cancellation Term Bonds in the aggregate principal amount desired, (2) furnish to the Trustee funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds from any Owner thereof in the open market at a price not in excess of **100%** of the principal amount thereof, whereupon the Trustee shall use its best efforts to expend such funds for such purposes, or (3) elect to receive a credit in respect to the mandatory redemption obligation under this subsection for any Term Bonds which prior to such date have been redeemed (other than through the operation of the requirements of this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at **100%** of the principal amount thereof on the obligation to redeem Term Bonds on the next mandatory Redemption Date applicable to Term Bonds that is at least **35** days after receipt by the Trustee of such instructions from the City, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds in chronological order or such other order as the City may designate, and the principal amount of Term Bonds to be redeemed on such future mandatory Redemption Dates by operation of the requirements of this subsection shall be reduced accordingly. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) of this subsection, the City will, on or before the 35th day next preceding the applicable mandatory Redemption Date, furnish the Trustee a written certificate of the City signed by the City Representative indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with in respect to such mandatory redemption payment.

(c) ***Special Mandatory Redemption.*** The Bonds shall be subject to special mandatory redemption and payment prior to Stated Maturity on August 1, 2022 and each August 1st thereafter, in an amount equal to moneys on deposit in the Special Redemption Account of the Debt Service Fund 30 days

prior to each applicable August 1st (rounded down to the nearest Authorized Denomination), after all required transfers have been made as required by **Section 502** hereof, at a Redemption Price equal to **100%** of the principal amount thereof plus accrued interest to the Redemption Date.

(d) **Mandatory Redemption from Excess Project Funds.** The Bonds shall be subject to special mandatory redemption and payment prior to Stated Maturity at the option of the City, in whole or in part (selection of maturities and the amount of Bonds to be redeemed to be determined as set forth in **Section 304** hereof) at any time upon 30-days notice to the Registered Owners thereof, at a Redemption Price equal to **100%** of the principal amount thereof, plus accrued interest thereon to the Redemption Date, from funds transferred to the Debt Service Fund pursuant to **Section 408(b)** or **(d)** hereof.

Section 303. Election to Redeem; Notice to Trustee. In case of any redemption at the election of the City, the City shall, at least **45** days prior to the Redemption Date fixed by the City (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Bonds for redemption and give notice of redemption and specifying the Redemption Date, the principal amount and maturities of Bonds to be called for redemption, the applicable Redemption Price or Prices and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption. The Trustee may in its discretion waive such notice period so long as the notice requirements set forth in **Section 305** are met.

The foregoing provisions of this Section shall not apply in the case of any mandatory redemption of Bonds under this Indenture, and the Trustee shall call Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

Section 304. Selection by Trustee of Bonds to be Redeemed. Bonds may be redeemed only in Authorized Denominations. If less than all the Bonds are to be redeemed and paid prior to Stated Maturity, the Bonds shall be redeemed in a manner that results in pro rata reduction in the remaining mandatory sinking fund redemption amounts set forth in **Section 302(b)** hereof; provided, however, in the case of the optional redemption of Bonds pursuant to the provisions of **Section 302(a)** hereof, the City may, at its option, direct the Trustee to redeem all or a portion of the Bonds scheduled to mature on specified mandatory sinking fund redemption dates.

The Trustee shall promptly notify the City in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 305. Notice of Redemption. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail, at least **30** days and not more than **60** days prior to the Redemption Date to each registered owner of the Bonds to be redeemed at the address shown on the Bond Register; provided, however, that in the case of Special Mandatory Redemption pursuant to **Section 302(c)** hereof, such notice shall be given at least **15** days and not more than **30** days prior the Redemption Date.

All official notices of redemption shall be dated and shall state:

- (1) the Redemption Date;
- (2) the Redemption Price;

(3) the principal amount of Bonds and, if less than all Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, numbers and maturity dates) of the Bonds to be redeemed;

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) the place where the Bonds to be redeemed are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal corporate trust office of the Trustee or other Paying Agent; and

(6) in the event there will be an application of credits against mandatory sinking fund installments as a result of the redemption, the effective schedule of sinking fund installments after the application of such credits.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Trustee receives written notice from the City that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice shall be of no force and effect, the Trustee shall not redeem such Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

The failure of any owner of Bonds to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

Section 306. Deposit of Redemption Price. On or prior to any Redemption Date, the City shall deposit or shall cause to be deposited with the Trustee or with a Paying Agent, an amount of money sufficient to pay the Redemption Price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

Section 307. Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the City shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the City at the Redemption Price. Installments of interest with a due date on or prior to the Redemption Date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of **Section 204**.

Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear or have enclosed the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Bond.

Section 308. Bonds Redeemed in Part. Any Bond that is to be redeemed only in part shall be surrendered at the place of payment therefor, and the City shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any Authorized Denomination or Denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the minimum Authorized Denominations called for redemption (and to that extent only).

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the Redemption Price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that such owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

ARTICLE IV

CREATION OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF BOND PROCEEDS

Section 401. Creation of Funds and Accounts.

(a) The Dick Edwards Auto Plaza Project Tax Increment Fund (the "Project Area Tax Increment Fund") shall be established with the City, which fund shall be held in the custody of the City pursuant to this Indenture. Said fund shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. Said fund shall be maintained and administered in the manner provided in this Indenture so long as any of the Bonds remain Outstanding hereunder.

(b) There are hereby created and ordered to be established with the Trustee the following separate funds and accounts, which funds and accounts shall be held in the custody of the Trustee pursuant to this Indenture:

(1) "City of Junction City, Kansas – Dick Edwards Auto Plaza Project - Revenue Fund (the "Revenue Fund")

(2) "City of Junction City, Kansas – Dick Edwards Auto Plaza Project - Project Fund" (the "Project Fund").

(3) "City of Junction City, Kansas – Dick Edwards Auto Plaza Project - Costs of Issuance Fund" (the "Costs of Issuance Fund").

(4) “City of Junction City, Kansas – Dick Edwards Auto Plaza Project - Debt Service Fund” (the “Debt Service Fund”), and within such fund a Special Redemption Account and Capitalized Interest Account.

(5) “City of Junction City, Kansas – Dick Edwards Auto Plaza Project - Debt Service Reserve Fund” (the “Debt Service Reserve Fund”).

(6) “City of Junction City, Kansas – Dick Edwards Auto Plaza Project - Rebate Fund (the “Rebate Fund”).

All funds, accounts and subaccounts shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

Section 402. Deposit of Bond Proceeds. On the Issue Date of the Bonds, the City shall deposit with the Trustee all of the net proceeds of the Bonds, and the Trustee shall deposit and apply such proceeds, as follows:

(a) The sum of \$366,500 shall be deposited in the Capitalized Interest Account of the Debt Service Fund and applied in accordance with **Section 404** hereof.

(b) The sum of \$193,300 shall be deposited in the Costs of Issuance Fund and applied in accordance with **Section 407** hereof.

(c) The remainder of the Bond proceeds in the amount of \$3,105,200 shall be deposited in the Project Fund and applied in accordance with **Section 408** hereof.

Section 403. Reserved.

Section 404. Debt Service Fund. The Trustee shall make deposits and credits to the Debt Service Fund, as and when received, as follows:

(a) The amounts required to be deposited therein by **Sections 402(a), 407** and **502** hereof.

(b) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to **Section 602** hereof.

(c) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of this Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided herein or in the Tax Compliance Agreement, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption prior to maturity.

Money in the Capitalized Interest Account, until fully expended, shall be transferred to the Debt Service Fund in amounts sufficient to make interest payments on the Bonds.

The City hereby authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee shall make any transfers from the Debt Service Fund to the Rebate Fund to the extent required to do so by the Tax Compliance Agreement.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in this Indenture), all arbitrage rebate to the United States and the fees, charges and expenses of the Trustee, and any other amounts required to be paid under this Indenture, all amounts remaining in the Debt Service Fund shall be paid to the City.

Section 405. Debt Service Reserve Fund. The Debt Service Reserve Fund shall be maintained in an amount equal to the Debt Service Reserve Requirement. The Trustee shall deposit and credit to the Debt Service Reserve Fund, as and when received, as follows:

- (a) The amounts required to be deposited therein by **Section 502** hereof.
- (b) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Reserve Fund pursuant to **Section 602** hereof.
- (c) All other moneys received by the Trustee under and pursuant to any of the provisions of any Financing Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Reserve Fund.

Except as otherwise herein provided, moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee solely for the payment of the principal of, and redemption premium, if any, and interest on the Bonds if sufficient moneys therefor are not available in the Debt Service Fund. In the event the balance of moneys in the Debt Service Fund are insufficient to pay principal of, or interest on the Bonds when due and payable, the Trustee, without further direction, shall transfer moneys in the Debt Service Reserve Fund into the Debt Service Fund in an amount sufficient to make up such deficiency. The Trustee may use moneys in the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid, and thereafter any remaining balance in the Debt Service Reserve Fund shall be paid to the City.

The Trustee shall determine the Value of cash and Permitted Investments in the Debt Service Reserve Fund each Interest Payment Date and at the time of any withdrawal from the Debt Service Reserve Fund and at such other times as the Trustee deems appropriate. If on any such valuation date, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, or at any time any amount is withdrawn from the Debt Service Reserve Fund for the purposes described above, the Trustee shall immediately notify the City of such

deficiency. If at any time of valuation, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement the amount of such excess shall be transferred to the Debt Service Fund.

Section 406. Rebate Fund. There shall be deposited in the Rebate Fund any amounts required to be deposited in the Rebate Fund pursuant to this Indenture or the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the City nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement.

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States. The Trustee shall have no obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under this Indenture as provided in this Indenture or from other moneys provided to it by the City. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage and payment of all fees, charges and expenses of the Trustee, shall be withdrawn and paid to the City.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all rebatable arbitrage shall have been paid.

Section 407. Application of Moneys in the Costs of Issuance Fund. Moneys in the Costs of Issuance Fund shall be used to pay the Costs of Issuance after receipt by the Trustee, from time to time, upon receipt of written disbursement requests of the City in substantially the form of **Exhibit B** hereto and signed by the City Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with a Certificate of an City Representative stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of issuance of the Bonds, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund from the proceeds of the Bonds to the Debt Service Fund.

Section 408. Project Fund.

(a) **Disbursements.** Moneys in the Project Fund shall be used solely for the purpose of paying Redevelopment Project Costs, all in accordance with the requirements of the Financing Documents.

The Trustee shall disburse moneys on deposit in the Project Fund from time to time to pay or as reimbursement for payment made for Redevelopment Project Costs (other than Costs of Issuance) within **3** Business Days after receipt by the Trustee of written disbursement requests of the Developer properly completed in all respects and in substantially the form specified in **Exhibit C** hereto, and only when approved in writing by the City Representative.

In making payments pursuant to this Section, the Trustee may rely upon such written requests and accompanying certificates and statements and shall not be required to make any independent investigation in connection therewith. It is expressly agreed and understood by the parties, including the City that the Trustee shall not have any responsibility in determining if costs paid pursuant to this Section are permitted costs under the TIF Act. If the City so requests, a copy of each written disbursement request submitted to the Trustee for payment under this Section shall be promptly provided by the Trustee to the

requesting party. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall file periodic statements of activity regarding the Project Fund with the City.

(b) ***Completion of the Project and Minimum Investment.*** Upon receipt and acceptance of a Certificate of Substantial Completion and a Certificate of Minimum Investment from the Developer as required by Sections 4.05 and 4.06 of the Redevelopment Agreement, the City shall deliver to the Trustee within 90 days thereafter, a written certificate of the City Representative stating that:

-(1) the Redevelopment Project has been completed, and providing the date of completion of the Redevelopment Project; and

(2) directing the Trustee as to the application of the remaining moneys in the Project Fund, as provided in Section 4.06 of the Redevelopment Agreement.

If after payment by the Trustee of all disbursement requests theretofore tendered to the Trustee under the provisions of this Section and after receipt by the Trustee of the certificate required by the preceding paragraph of this Section, there shall remain any moneys in the Project Fund, such moneys shall be deposited in the Debt Service Fund and used to redeem Bonds at the earliest permissible date under **Section 302(d)** of this Indenture.

(c) If an Event of Default specified in **Section 801** of this Indenture has occurred and is continuing and the Bonds shall have been declared due and payable pursuant to **Section 802** of this Indenture, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to **Section 406** hereof, shall without further authorization be deposited in the Debt Service Fund by the Trustee with advice to the City of such action.

(d) In the event that all or a portion of the proceeds of the Bonds on deposit on the Project Fund are not expended for Redevelopment Project Costs prior to the third anniversary of the Issue Date, such moneys shall be automatically transferred to the Debt Service Fund and used to redeem Bonds at the earliest permissible date under **Section 302(d)** of this Indenture.

Section 409. Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of this Indenture as are requested in writing by the City. The Trustee shall furnish to the City quarterly on the tenth Business Day after the end of each calendar quarter, a report on the status of each of the funds, accounts and subaccounts established under this Article which are held by the Trustee, showing the balance in each such fund, account or subaccount as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund, account or subaccount, the dates of such deposits and disbursements, and the balance in each such fund, account or subaccount on the last day of the preceding month. The Trustee shall render an annual accounting for each calendar year ending December 31 to the City and any Bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds, accounts or subaccounts created by this Indenture as of the beginning and close of such accounting period.

ARTICLE V

COLLECTION AND APPLICATION OF REVENUES

Section 501. Project Area Tax Increment Fund. The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding hereunder, all of the Incremental Tax Revenues shall as and when received be paid and deposited into the Project Area Tax Increment Fund. Said Incremental Tax Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The Project Area Tax Increment Fund shall be administered and applied solely for the purposes and in the manner provided in this Indenture.

Section 502. Application of Moneys in Funds and Accounts. The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will cause the Treasurer of the City to withdraw from the Project Area Tax Increment Fund on the first day of each month all moneys deposited therein, less amounts withheld by the City pursuant to Section 10.02 of the Redevelopment Agreement to reimburse the City for TIF District Expenses and the TIF Administrative Service Fee, and transfer such remaining funds to the Trustee for deposit to the Revenue Fund to be applied as follows:

(a) **Debt Service Fund.** There shall be paid and credited to the Debt Service Fund, to the extent necessary to meet on each Bond Payment Date the Debt Service Requirements on Outstanding Bonds, whether scheduled or by reason any required redemption, the following sums:

(1) Thirty (30) days prior to each Interest Payment Date, all available moneys in the Revenue Fund until the Debt Service Fund contains an amount equal to any Defaulted Payments of accrued and unpaid interest; and

(2) Thirty (30) days prior to each Interest Payment Date, all available moneys in the Revenue Fund until the Debt Service Fund contains an amount equal to any Defaulted Payments of unpaid principal due on Bonds; and

(3) Thirty (30) days prior to each Interest Payment Date, all available moneys in the Revenue Fund, after taking into account any transfers from the Capitalized Interest Account, until the Debt Service Fund contains an amount equal to the interest that becomes due on Bonds on the next succeeding Interest Payment Date; and

(4) Thirty (30) days prior to each Stated Maturity of principal on the Bonds, all available moneys in the Revenue Fund until the Debt Service Fund contains an amount equal to the principal that becomes due on Bonds on the next succeeding Stated Maturity date; and

(5) Thirty (30) days prior to any date that any Bonds have been called for Optional Redemption, the amount necessary to redeem such Bonds on the scheduled Redemption Date.

(4) In the event the Debt Service Fund does not contain amounts sufficient to meet the Debt Service Requirements on all Bonds then Outstanding, the Trustee shall first transfer moneys in the Debt Service Reserve Fund to the Debt Service Fund for such purpose, and if such funds are insufficient, the Trustee shall transfer moneys in the Special Redemption Account for such purpose.

Any amounts deposited in the Debt Service Fund in accordance with **Section 402(a)** hereof shall be credited against the City's payment obligations as set forth in subsection (a)(3) of this Section.

All amounts paid and credited to the Debt Service Fund Bonds shall be expended and used by the City for the sole purpose of paying the Debt Service Requirements of the Bonds as set forth above.

(b) **Trustee and Rebate Analyst Fees.** After providing for the above transfers set forth in **subsection (a)** hereof, there shall be paid **first**, to the Trustee, the sum of (i) the Trustee's semiannual fees and expenses due on such date, as provided herein, and (ii) any due and unpaid fees and expenses of the Trustee; and **second**, pay to the Rebate Analyst (as defined in the Tax Compliance Agreement) the sum of (i) the Rebate Analyst's fees and expenses due on such date, if any, and (ii) any due and unpaid fees and expenses of the Rebate Analyst.

(c) **Debt Service Reserve Fund.** Until the Debt Service Reserve Fund is funded at the Debt Service Reserve Requirement, the City shall transfer all moneys in the Revenue Fund, after providing for the above transfers set forth in **subsections (a) and (b)** hereof, into the Debt Service Reserve Fund until the Debt Service Reserve Fund shall aggregate the Debt Service Reserve Requirement. So long as the Debt Service Reserve Fund aggregates the Debt Service Reserve Requirement, no further payments into said fund shall be required, but if the City is ever required to expend and use a part of the moneys in said fund for the purpose herein authorized and such expenditure reduces the amount of the Debt Service Reserve Fund below the Debt Service Reserve Requirement, or if the Value of the Debt Service Reserve Fund is below the Debt Service Reserve Requirement, the City shall transfer all moneys in the Revenue Fund, after providing for the above transfers set forth in **subsections (a) and (b)** hereof, into the Debt Service Reserve Fund until the Debt Service Reserve Fund shall again aggregate the Debt Service Reserve Requirement.

(d) **Special Redemption Account.** After all payments and credits required at the time to be made under the provisions of the preceding subsections have been made, Excess Incremental Tax Revenues remaining in the Revenue Fund shall be paid and credited to the Special Redemption Account created within the Debt Service Fund. Moneys in the Special Redemption Account shall be expended and used for Special Mandatory Redemption of the Bonds in accordance with **Section 302(c)** hereof. Any money remaining in the Special Redemption Account after the Bonds are no longer Outstanding shall be returned to the City.

Section 503. Mandatory Defeasance of Bonds. If on any Bond Payment Date, after providing for the transfers set forth in **Section 502** hereof, there are sufficient Incremental Tax Revenues, in the aggregate, on deposit in the Debt Service Fund (including the Special Redemption Account) and the Debt Service Reserve Fund to provide for the payment of the principal of and interest on all Outstanding Bonds on the next available Redemption Date (including the payment of the principal of and interest payable on such Bonds to such Redemption Date), together with all expenses of the Trustee, the Rebate Analyst and the City, then the Trustee shall notify the City, and the City shall provide for the defeasance of all Outstanding Bonds and the satisfaction and discharge of this Indenture in accordance with the provisions of **Article XI** hereof.

ARTICLE VI

DEPOSIT AND INVESTMENT OF MONEYS

Section 601. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for the funds, accounts and subaccounts held under this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture and the other Financing Documents, and, until used or applied as herein provided, shall (except for moneys in the Rebate Fund)

constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the City except as provided under **Section 602** hereof for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except to the extent such moneys are invested in Permitted Investments.

Section 602. Investment of Moneys. Moneys held in each of the funds, accounts and subaccounts under this Indenture shall, pursuant to written directions of the City Representative, or in the absence of such direction at the discretion of the Trustee, be invested and reinvested by the Trustee in accordance with the provisions of this Indenture in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. The Trustee may make any investments permitted by the provisions of this Section through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund, account or subaccount in which such moneys are originally held.

The interest accruing on each fund, account or subaccount and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to **Section 406** hereof) shall be credited to such fund, account or subaccount, and any loss resulting from such Permitted Investments shall be charged to such fund, account or subaccount. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund, account or subaccount for the purposes of such fund, account or subaccount and the Trustee shall not be liable for any loss resulting from such investments.

ARTICLE VII

GENERAL COVENANTS AND PROVISIONS

Section 701. City to Issue Bonds and Execute Indenture. The City covenants that it is duly authorized under the Constitution and laws of the State of Kansas to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the City according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Section 702. Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the City payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof) solely out of the Trust Estate, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in this Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Kansas or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof, but shall be payable solely from the Trust Estate. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State, the City or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The State shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage,

obligation or agreement of any kind whatsoever which may be undertaken by the City. No breach by the City of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any charge upon its general credit or against its taxing power.

Section 703. Payment of Bonds. The City shall duly and punctually pay, but solely from the sources specified in this Indenture, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Indenture.

Section 704. Performance of Covenants. The City shall, to the extent within its control, faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

Section 705. Inspection of Books. The City covenants and agrees that all books and documents in its possession relating to the Bonds, this Indenture and the Redevelopment Agreement, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds, this Indenture and the Redevelopment Agreement, and the transactions relating thereto shall be open to inspection by the City during business hours upon reasonable notice.

Section 706. Enforcement of Rights. The City agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under this Indenture in its name or in the name of the City may enforce all rights of the City and the Trustee under and pursuant to any other Financing Documents for and on behalf of the Bondowners, whether or not the City is in default hereunder. All other Financing Documents shall be delivered to and held by the Trustee.

Section 707. Certain Opinions to be Provided to the City. Each Opinion of Bond Counsel required to be addressed and delivered to the Trustee under any provision of this Indenture shall also be addressed and delivered to the City.

Section 708. Tax Covenants. The City shall not use or permit the use of any proceeds of Tax-Exempt Bonds or any other funds of the City, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would adversely affect the exclusion of interest on any Tax-Exempt Bond from gross income for federal income tax purposes.

The City agrees that so long as any of the Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Agreement applicable to the City.

The Trustee agrees to comply with the provisions of the Tax Compliance Agreement, and may rely upon the Tax Compliance Agreement and any Opinion of Bond Counsel which sets forth such requirements, to comply with any statute, regulation or ruling that may apply to it as Trustee hereunder and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Bonds. The Trustee from time to time, in its sole discretion, may cause a firm of attorneys, consultants or independent accountants or an investment banking firm to supply the Trustee, on behalf of the City, with such information as the Trustee, on behalf of the City, may request in order to determine in a manner reasonably satisfactory to the Trustee, on behalf of the City, all matters relating to (a) the actuarial yields on the Bonds as the same may relate to any data or conclusions necessary to verify that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with rebate requirements of Section 148(f) of the Internal

Revenue Code. Payment for fees, charges, costs and expenses incurred in connection with supplying the foregoing information shall be paid by the City.

Notwithstanding any provision of this Section, if the City provides to the Trustee an Opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion of interest on the Bonds from federal gross income, the Trustee may conclusively rely on such opinion in complying with the provisions of this Indenture, and the covenants under this Indenture shall be deemed to be modified to that extent.

The foregoing covenants of this Section shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to **Article XI** of this Indenture or any other provision of this Indenture, until the final maturity date of all Bonds Outstanding and payment thereof.

Section 709. Revenue Impairments. The City covenants and agrees that to the extent within its power and control, and to the extent permitted by law, it shall take no action (i) to terminate the City's retail sales and compensating use taxes and any successor taxes thereto pledged as security for the Bonds, (ii) to impair the collection of the Incremental Tax Revenues, or (iii) to impair or diminish the pledge of the Incremental Tax Revenues or the rights of the Bondowners under this Indenture.

ARTICLE XIII

DEFAULT AND REMEDIES

Section 801. Events of Default. The term “**Event of Default**,” wherever used in this Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) as it applies to the Bonds:

(a) default in the payment of any interest on any Bond when such interest becomes due and payable, provided that sufficient Incremental Tax Revenues are available for such purpose in accordance with the provisions of this Indenture; or

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption or otherwise), provided that sufficient Incremental Tax Revenues are available for such purpose in accordance with the provisions of this Indenture; or

(c) default in the performance, or breach, of any covenant or agreement of the City in this Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of **60** days after there has been given to the City by the Trustee or to the City and the Trustee by the Owners of at least **10%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the City shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Section 802. Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any event of default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

(a) ***Right to Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture or any other Financing Document, to enforce and compel the performance of the duties and obligations of the City as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than a majority in principal amount of Bonds Outstanding and if indemnified as provided in **Section 902(e)** of this Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the Bondowners.

(c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits to Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Indenture or be prejudicial to the interests of the Bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the Bondowners in any judicial proceeding to which the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the Bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of **Section 806** hereof, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any Bondowner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned

for any reason, or has been determined adversely to the Trustee or to such Bondowner, then and in every case the City, the Trustee and the Bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the Bondowners shall continue as though no such proceeding had been instituted.

Section 803. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the City or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the City for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under **Section 904**.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding.

Section 804. Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless:

(a) such owner has previously given written notice to the Trustee of a continuing event of default;

(b) the owners of not less than a majority in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under this Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in **Section 902(e), Section 902(k) and Section 904** of this Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such **60**-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under this Indenture, except in the manner herein provided.

Notwithstanding the foregoing or any other provision in this Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date) from available Incremental Revenues and nothing contained in this Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Section 805. Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with **Section 902(e)**, **Section 902(k)** and **Section 904**:

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture, provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Section 806. Application of Moneys Collected. Any moneys collected by the Trustee pursuant to this Article (after the deductions for payment of reasonable costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all undeducted amounts due the Trustee under **Section 904** of this Indenture;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) **Third:** To the payment of the remainder, if any, to the City or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 807. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 808. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the City, on behalf of the owners of all the Bonds waive any past default hereunder and its consequences, except a default

(a) in the payment of the principal of (or premium, if any) or interest on any Bond,
or

(b) in respect of a covenant or provision hereof which under **Article X** cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

ARTICLE IX

THE TRUSTEE

Section 901. Acceptance of Trusts; Certain Duties and Responsibilities. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the following terms and conditions:

(a) Except during the continuance of an event of default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, **except** that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or conveying insights and duties or affording

protection to the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions of this **Article IX**.

Section 902. Certain Rights of Trustee. Except as otherwise provided in **Section 901** of this Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon a Certificate of an City Representative as to the sufficiency of any request or direction of the City mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution or ordinance in the form therein set forth has been duly adopted by the governing body of the City, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of a City Representative.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) Notwithstanding anything in this Indenture to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture whether at the request or direction of any of the Bondowners pursuant to this Indenture or otherwise, except the duty to pay the principal of and interest on the Bonds as provided herein unless such Bondowners or other party shall have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the fees, advances, costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in connection with such rights or powers.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the City of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

(h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder shall be segregated from other funds. The Trustee shall be under no liability for interest on any money received by it hereunder except as to investments authorized and directed pursuant to **Section 602** of this Indenture.

(j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(k) Notwithstanding anything elsewhere in this Indenture contained, before taking any action under this Indenture other than the payment of debt service on the Bonds from monies in the Debt Service Fund, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action.

(l) The Trustee may elect not to proceed in accordance with the directions of the Bondowners without incurring any liability to the Bondowners if, in the opinion of the Trustee, such direction may result in environmental liability to the Trustee, in its individual capacity for which the Trustee has not received indemnity pursuant to **Section 902** and **Section 904** hereof from the Bondowners and the Trustee may rely upon an Opinion of Counsel addressed to the City and the Trustee in determining whether any action directed by the Bondowners may result in such liability.

(m) The Trustee may inform the Bondowners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists, which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received indemnity pursuant to **Section 902** and **Section 904** hereof.

(n) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or its willful misconduct.

(o) The Trustee shall not be required to give any bond or security in respect of the execution of the said trusts and powers or otherwise in respect to the premises.

Section 903. Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the City to cause to be made any of the payments to the Trustee required to be made by **Article IV** of this Indenture, unless the Trustee shall be specifically notified in writing of such default by the City or the owners of at least **10%** of the Bonds, and

in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within **30** days after the Trustee has received notice of any default or the occurrence of any default hereunder of which the Trustee is deemed to have notice, the Trustee shall give written notice of such default by first class mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of or interest on any Bond, the Trustee shall be protected in withholding such notice to such Bondowners if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondowners. For the purpose of this Section, the term “**default**” means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 904. Compensation and Reimbursement. The Trustee shall be entitled to payment or reimbursement

(a) fifteen days subsequent to the issuance of the Bonds, the initial set up fee of \$3,000 and fifteen days prior to each Interest Payment Date (or if such day is not a Business Day, on the next succeeding Business Day), payment of a reasonable semiannual fee for its services rendered hereunder, which, so long as Security Bank of Kansas City is the Trustee under this Indenture, shall be in an amount equal to \$1,500;

(b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith; and

(c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any action, suit, demand, judgment, claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this Section, the Trustee shall be secured under this Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under **Article IV** hereof.

Section 905. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least **\$10,000,000**. If such bank or trust company publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Section 906. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the City and each owner of Bonds Outstanding as shown by the list of Bondowners required by this Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest, it shall, within **90** days after ascertaining that it has a conflicting interest, or within **30** days after receiving written notice from the City that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in Subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the City and the Trustee signed by the owners of a majority of the Bonds or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default hereunder, by the City. The City or any Bondowner may at any time petition any court of competent jurisdiction for the removal of the Trustee for cause.

(d) If at any time

(1) the Trustee shall fail to comply with Subsection (b) after written request therefor by the City or by any Bondowner, or

(2) the Trustee shall cease to be eligible under **Section 905** and shall fail to resign after written request therefor by the City or by any such Bondowner, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the City may remove the Trustee or any Bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the Bond Register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under **Section 908**.

Section 907. Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City or the owners of a majority of the Bonds (if an event of default hereunder has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the City and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the City or the Bondowners. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, any Bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Section 908. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 909. Merger, Consolidation and Succession to Business. Any bank or association into which the Trustee may be merged or with which it may be consolidated, or any bank or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such bank or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 910. Co-Trustees and Separate Trustees. At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least **25%** in principal amount of the Bonds Outstanding, the City shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the City does not join in such appointment within **15** days after the receipt by it of a request so to do, or in case an event of default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the City be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the City.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the City evidenced by a resolution, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an event of default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the City. Upon the written request of the Trustee, the City shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of Bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 911. Designation of Paying Agents. The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The City may, in its discretion, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, premium, if any, and interest on the Bonds of any series, or at the principal corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the City in connection with the appointment of any successor Trustee.

Section 912. Advances by Trustee. If the City shall fail to make any payment or perform any of its covenants herein, the Trustee may, at any time and from time to time, use and apply any moneys held by it under the Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the City. All moneys so used or advanced by the Trustee, together with interest at the Prime Rate, shall be repaid by the City upon demand and such advances shall be secured under the Indenture prior to the Bonds. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it under the Indenture but no such use of moneys or advance shall relieve the City from any default hereunder.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 1001. Supplemental Indentures without Consent of Bondowners. Without the consent of the owners of any Bonds, the City and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) to add to the covenants and agreements of the City in this Indenture other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture of the Incremental Tax Revenues or of any other moneys, securities or funds;

(e) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in this Indenture;

(f) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(hg) to make such modifications or changes herein that are not materially adverse, in the discretion of the Trustee, to the interests of bondholders.

Section 1002. Supplemental Indentures with Consent of Bondowners. With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the City and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the owners of the Bonds under this Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

(c) modify the obligation of the City to make payment on or provide funds for the payment of any Bond; or

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(e) modify any of the provisions of this Section or **Section 808**, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of this Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this **Section 1002**, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this **Section 1002**. At the time of any consent or other action taken under this **Section 1002**, the City shall furnish the Trustee a certificate, upon which the Trustee may rely, describing all Bonds to be excluded.

Section 1003. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and, subject to **Article XII**, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 1004. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this Article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 1005. Reference in Bonds to Supplemental Indentures. Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the City shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the City, to any such Supplemental Indenture may be prepared and executed by the City and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE XI

SATISFACTION AND DISCHARGE

Section 1101. Payment, Discharge and Defeasance of Bonds. Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the City shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or Redemption Dates (including the payment of the principal of, premium, if any, and interest payable on such

Bonds to the maturity or Redemption Date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or Redemption Dates only with Government Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee, and (2) an Opinion of Counsel addressed and delivered to the Trustee in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of this Indenture has been provided for in the manner set forth in this Indenture.

The foregoing notwithstanding, the liability of the City in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Government Obligations deposited with the Trustee as aforesaid.

Moneys and Government Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Government Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Government Obligations have been deposited with the Trustee.

Section 1102. Satisfaction and Discharge of Indenture. This Indenture and the lien, rights and interests created by this Indenture shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein provided for) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of **Section 1101**; and
- (b) all other sums payable under this Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment.

Thereupon, the Trustee shall execute and deliver to the City a termination statement and such instruments of satisfaction and discharge of this Indenture as may be necessary and shall pay, assign, transfer and deliver to the City, or other Persons entitled thereto, all moneys, securities and other property then held by it under this Indenture as a part of the Trust Estate, other than moneys or Government Obligations held in trust by the Trustee as herein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Section 1103. Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of this Indenture, the rights of the Trustee under **Section 904** shall survive, and the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of or interest on any Bond remaining unclaimed for two years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by

declaration as provided herein, shall then be paid as provided in **Section 212** and all liability of the Trustee or any Paying Agent or the City with respect to such moneys shall thereupon cease.

ARTICLE XII

NOTICES, CONSENTS AND OTHER ACTS

Section 1201. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Indenture to be made, given or furnished to or filed with the following Persons, if the same shall be delivered in person, delivered by prepaid overnight delivery service, mailed by registered or certified mail, postage prepaid, or transmitted by facsimile transmission, at the following addresses or facsimile numbers (provided, however, that notice to the Trustee shall be deemed given only upon receipt):

(a) To the City at:

City of Junction City, Kansas
City Hall, 700 N. Jefferson
P.O. Box 287
Junction City, Kansas 66441
Attention: City Manager
Fax: (785) 223-5165

(b) To the Trustee at:

Security Bank of Kansas City, as Trustee
One Security Plaza
701 Minnesota
Kansas City, Kansas 66101
Attention: Corporate Trust Department
Fax: (913) 621-8448

(c) To the Developer at:

Richard L. Edwards
7920 East Highway 24
Manhattan, Kansas 66502
(785) 786-4004

(d) To the Purchaser of the Bonds:

Farmers & Merchants Bank of Colby
240 West 4th Street
Colby, Kansas 67701
Attention: President / CEO
Fax: (785) 460-9727

or such other address as is furnished in writing to the other parties referenced herein.

A copy of the form of any notice from the Trustee to the Bondowners shall be given by the Trustee to the City.

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

Notice to Bondowners shall be given by first class mail at the addresses of the Bondowners as shown on the Bond Register maintained by the Trustee, and neither the failure to receive such notice, nor any defect in any notice so mailed, shall affect the sufficiency of such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1202. Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by Bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such Bondowners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the City. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of this Indenture and conclusive in favor of the City and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the Bond Register maintained by the Trustee.

In determining whether the owners of the requisite percentage of the Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds registered on the Bond Register in the name of the City shall be disregarded and deemed not to be Outstanding.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1203. Form and Contents of Documents Delivered to Trustee. Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the City may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the City stating that the information with respect to such factual matters is in the possession of the City, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the City shall deliver any document as a condition of the granting of such application, or as evidence of the City's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the City to have such application granted or to the sufficiency of such certificate or report.

Section 1204. Compliance Certificates and Opinions. Upon any application or request by the City to the Trustee to take any action under any provision of this Indenture, the City shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of counsel rendering such opinion all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 1301. Further Assurances. The City shall do, execute, acknowledge and deliver such Supplemental Indentures and such further acts, instruments, financing statements and assurances as the Trustee may reasonably require for accomplishing the purposes of this Indenture.

Section 1302. Immunity of Officers, Directors, Members, Employees and Agents of City. No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, director, member, employee or agent (including any financial advisor, consultant, structuring agent or escrow agent) of the City, or of any successor public corporation, either directly or through the City or any successor public corporation, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents (including any financial advisors, consultants, structuring agents or escrow agents) as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of Bonds.

Section 1303. Limitation on City Obligations. Any other term or provision in this Indenture or in any other Financing Documents or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the City or its members, officers, agents, employees, representatives, advisors or assigns, whether under this Indenture or any of the other Financing Documents or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively the “Obligations”), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

(1) Bond proceeds and investments therefrom; and

(2) the Incremental Tax Revenues pledged under this Indenture (including the Trust Estate to the extent provided in this Indenture);

(the above provisions (1) and (2) being collectively referred to as the “exclusive sources of the Obligations”).

(b) The Obligations shall not be deemed to constitute a debt or liability of the City within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from and out of the exclusive sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the City or any charge upon their general credit or taxing power.

(c) In no event shall any member, officer, agent, employee, representative or advisor of the City, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(d) In no event shall this Indenture be construed as:

(1) depriving the City of any right or privilege; or

(2) requiring the City or any member, officer, agent, employee, representative or advisor of the City to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else;

which deprivation or requirement would violate or result in the City's being in violation of the Act or any other applicable state or federal law.

Section 1304. Benefit of Indenture. This Indenture shall inure to the benefit of and shall be binding upon the City and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Indenture, nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder, any separate trustee or co-trustee appointed under **Section 910** and the owners of Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1305. Severability. If any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1306. Electronic Transactions. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 1307. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 1308. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the City and the Trustee have caused this Bond Trust Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, by their duly authorized officers, all as of the day and year first above written.

CITY OF JUNCTION CITY, KANSAS

By: _____
Name: Pat Landes
Title: Mayor

(Seal)

ATTEST:

By: _____
Name: Tyler Fricken
Title: City Clerk

SECURITY BANK OF KANSAS CITY, as Trustee

By: _____

Name: Matt McLaughlin

Title: Vice President

(SEAL)

ATTEST:

Name: Pete Gardner

Title: Assistant Vice President

**EXHIBIT A
(FORM OF SERIES 2012A BONDS)**

**REGISTERED
NUMBER R-_____**

**REGISTERED
\$_____**

**UNITED STATES OF AMERICA
STATE OF KANSAS**

CITY OF JUNCTION CITY, KANSAS

**SPECIAL OBLIGATION REVENUE BOND
(DICK EDWARDS AUTO PLAZA PROJECT)
SERIES 2012**

**Interest
Rate:**

**Maturity
Date:**

**Dated
Date: August 1, 2012**

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

CITY OF JUNCTION CITY, KANSAS, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Kansas (the "City"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the Principal Amount stated above on the Maturity Date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest (computed on the basis of a 360 day year of twelve 30 day months) on the principal amount until said principal amount is paid or duly provided for from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each February 1 and August 1 in each year beginning on February 1, 2013 (the "Interest Payment Dates").

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of this Bond shall be payable by check or draft to the registered owner at the maturity or Redemption Date upon presentation and surrender of this Bond at the principal corporate trust office of Security Bank of Kansas City, in the City of Kansas City, Kansas (the "Trustee"). The interest payable on this Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of this Bond appearing on the Bond Register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (1) check or draft of the Trustee mailed to such registered owner at his address as it appears on such Bond Register or at such other address furnished in writing by such registered owner to the Trustee,

or (2) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank specified by such owner for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Indenture.

ADDITIONAL PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Indenture until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bond have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the Bond, provision has been duly made for the collection and segregation of the Incremental Tax Revenues and for the application of the same as hereinbefore provided.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

CITY OF JUNCTION CITY, KANSAS

(Facsimile Seal)

(facsimile)

Mayor

ATTEST:

By: _____
(facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012, of the City of Junction City, Kansas, described in the within-mentioned Indenture.

Date of Authentication: _____

SECURITY BANK OF KANSAS CITY
Trustee

By: _____

(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the City designated "Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012" in the aggregate principal amount of \$3,665,000 (the "Bonds"). The Bonds are issued pursuant to the authority of and in full compliance with the Constitution and statutes of the State of Kansas, including particularly K.S.A. 12-1770 *et seq.* (the "Act"), and pursuant to proceedings duly had by the City. The Bonds are issued under and are equally and ratably secured and entitled to the protection given by a Bond Trust Indenture, dated as of August 1, 2012 (said Bond Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the City and the Trustee, for the purpose of financing a portion of the Redevelopment Project Costs in connection with the Redevelopment Plan, and paying Costs of Issuance of the Bonds. Reference is hereby made to the Indenture for a description of the property pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the City, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

Limited Obligations. The Bonds and the interest thereon are special, limited obligations of the City payable solely out of the Trust Estate, including, but not limited to, the Incremental Tax Revenues (as defined in the Indenture) and are secured by a pledge and assignment of such Incremental Tax Revenues as provided in the Indenture. The Bonds shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or any political subdivision thereof, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not directly or indirectly obligate, the City or its officers, directors or employees to provide any funds for the payment of such Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State, the City or any political subdivision thereof to levy

any form of taxation therefor or to make any appropriation for their payment. The State shall not in any event be liable for the payment of the principal of or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the City. No breach by the City of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any charge upon its general credit or its taxing power.

Redemption Prior to Maturity. The Bonds are subject to optional and mandatory redemption and payment prior to maturity at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the Redemption Date, as described in the Indenture.

Notice of Redemption. Notice of redemption, unless waived, shall be given by the City to the Trustee in accordance with the Indenture. The City shall cause the Trustee to notify each Bondowner at the address maintained on the Bond Register, such notice to be given by mailing an official notice of redemption by first class mail at least 30 days prior to the Redemption Date, except in the case of Special Mandatory Redemption in which case notice shall be given at least 15 days prior the Redemption Date. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City defaults in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest.

Transfer and Exchange. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the Bond Register maintained by the Trustee kept for that purpose at the principal corporate trust office of the Trustee, upon surrender of this Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Trustee duly executed by the Bondowner or the Bondowner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The City shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks. The City and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

GILMORE & BELL, P.C.

Attorneys at Law
100 N. Main Suite 800
Wichita, Kansas 67202

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

Signature (Sign here exactly as name(s)
appear on the face of Certificate)

Signature guarantee:

By _____

CERTIFICATE OF CITY CLERK

STATE OF KANSAS)
) SS.
COUNTY OF GEARY)

I, Tyler Fricken, City Clerk of City of Junction City, Kansas, do hereby certify that this Bond has been duly registered in my office as of August 1, 2012.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

RON ESTES, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in the office of the State Treasurer, and that this Bond was registered in such office according to law on August 1, 2012.

WITNESS my hand and official seal.

Treasurer of the State of Kansas

By: _____
Assistant State Treasurer

State Treasurer I.D. No.: _____.

**EXHIBIT B
TO BOND TRUST INDENTURE**

Request No: _____

Date: _____

DISBURSEMENT REQUEST

(COSTS OF ISSUANCE FUND)

To: Security Bank of Kansas City
Corporate Trust Department
Kansas City, Kansas
as Trustee

Re: City of Junction City, Kansas Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012

You are hereby requested and directed as Bond Trustee under the Bond Trust Indenture dated as of August 1, 2012 (the "Indenture"), between the City of Junction City, Kansas and you, as Bond Trustee, to pay from moneys in the Costs of Issuance Fund, pursuant to **Section 407** of the Indenture, to the following payees the following amounts for the following Costs of Issuance (as defined in the Indenture):

<u>Payee</u>	<u>Amount</u>	<u>Description of Issuance Costs</u>
--------------	---------------	--------------------------------------

The undersigned City Representative hereby states and certifies that each item listed above is a proper Costs of Issuance (as defined in the Indenture) that was incurred in connection with the issuance of the above-referenced Bonds, and the amount of this request is justly due and owing and has not been the subject of another requisition which was paid.

CITY OF JUNCTION CITY, KANSAS

By: _____
City Representative

**EXHIBIT C
TO BOND TRUST INDENTURE**

Request No: _____
Date: _____

**DISBURSEMENT REQUEST
(PROJECT FUND)**

To: City of Junction City, Kansas ("City")

Security Bank of Kansas City
Corporate Trust Department
Kansas City, Kansas
as Trustee

Re: City of Junction City, Kansas Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012

CERTIFICATE OF PROJECT COSTS

Pursuant to Section 4.04 of the Redevelopment Agreement for the Dick Edwards Auto Plaza Project Plan (the "Redevelopment Agreement") between the City of Junction City, Kansas and the undersigned (the "Developer"), and Section 408 the Bond Trust Indenture dated as of August 1, 2012 between the City and the Trustee, the Developer requests payment or reimbursement and hereby states and certifies as follows:

1. The date and number of this request are as set forth above.
2. All terms in this request shall have and are used with the meanings specified in the Redevelopment Agreement.
3. The names of the persons, firms or corporations to whom the payments requested hereby are due, the amounts to be paid and the general classification and description of the costs for which each obligation requested to be paid hereby was incurred are as set forth on **Attachment I** hereto.
4. These costs have been incurred and are presently due and payable and are Eligible Project Costs that are payable or reimbursable under the Redevelopment Agreement.
5. Each item listed above has not previously been paid or reimbursed and no part thereof has been included in any other Disbursement Request previously filed with the City.
6. There has not been filed with or served upon the Developer any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request.

7. All work for which payment is now or has heretofore been requested (insofar as such payments relate to the construction, remodeling and renovation portions of the Project) has been performed in accordance with the plans and specifications therefore.
8. Lien waivers for costs for which payment is hereby requested have been received and are attached hereto as **Attachment II** hereto.
9. There is no existing Event of Default, and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute an Event of Default by Developer under the Redevelopment Agreement.

DEVELOPER

By: _____

Title: _____

The City hereby approves
payment to the Developer from the Project Fund
in the amount of \$_____, which
represents approved costs, less 10% retainage,
this ____ day of _____, 20__

CITY OF JUNCTION CITY, KANSAS

By: _____
City Representative

**ATTACHMENT I
TO CERTIFICATION OF EXPENDITURE
REDEVELOPMENT AGREEMENT FOR THE
DICK EDWARDS AUTO PLAZA PROJECT PLAN**

REQUEST NO. _____ DATED _____

SCHEDULE OF PAYMENTS REQUESTED

Person, firm or corporation to whom payment is due	Amount to be paid, subject to 10% retainage	General classification and description of the costs for which the Obligation to be paid was incurred ¹
<hr/>		

EXHIBIT D

LEGAL DESCRIPTION OF REDEVELOPMENT DISTRICT

An 11-acre parcel located in the northeast quadrant of the junction of I-70 and US-77 Highway in Junction City, Kansas, bounded by the westbound exit ramp of I-70 on the south, US-77 Highway on the west, and Goldenbelt Boulevard on the north and east, and more particularly described as follows:

A TRACT OF LAND BEING A PART OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 12 SOUTH, RANGE 5 EAST, A PART OF THE SOUTHWEST QUARTER OF SAID SECTION 15, AND A PART OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 12 SOUTH, RANGE 5 EAST OF THE 6TH PRINCIPAL MERIDIAN, GEARY COUNTY, KANSAS BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 1, BLOCK 3, THE BLUFFS ADDITION TO JUNCTION CITY, KANSAS;

THENCE ON AN ASSUMED BEARING OF S 19°27'16" E ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF GOLDENBELT BOULEVARD, A DISTANCE OF 10.59 FEET;

THENCE CONTINUING ON SAID NORTHERLY RIGHT-OF-WAY LINE, ON A CURVE TO THE LEFT HAVING A RADIUS OF 494.14 FEET, A CHORD BEARING OF S 37°23'36" E, A CHORD DISTANCE OF 304.39 FEET, AN ARC DISTANCE OF 309.42 FEET;

THENCE N 85°05'08" W A DISTANCE OF 478.69 FEET;

THENCE S 13°26'25" W ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE 70, A DISTANCE OF 112.52 FEET;

THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, N 73°33'13" W A DISTANCE OF 442.40 FEET;

THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, N 00°00'53" E A DISTANCE OF 123.55 FEET;

THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, N 89°57'52" W A DISTANCE OF 108.05 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 77;

THENCE S 65°32'47" W A DISTANCE OF 381.27 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF SAID U.S. HIGHWAY 77;

THENCE N 00°28'39" W ALONG SAID WESTERLY RIGHT-OF-WAY LINE A DISTANCE OF 406.64 FEET;

THENCE CONTINUING ALONG SAID WESTERLY RIGHT-OF-WAY LINE, N 24°28'06" W A DISTANCE OF 206.26 FEET TO A POINT OF INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF JACK LACY DRIVE AND SAID WESTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 77;

THENCE S 65°31'54" W ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 205.42 FEET;

THENCE N 24°28'06" W A DISTANCE OF 123.82 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF SOUTHWIND DRIVE;

THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE, ON A CURVE TO THE RIGHT HAVING A RADIUS OF 340.00 FEET, A CHORD BEARING OF N 00°52'45" W, A CHORD DISTANCE OF 134.87 FEET, AN ARC DISTANCE OF 135.77 FEET;

THENCE CONTINUING ALONG SAID WESTERLY RIGHT-OF-WAY LINE, N 10°33'38" E A DISTANCE OF 55.01 FEET;

THENCE CONTINUING ALONG SAID WESTERLY RIGHT-OF-WAY LINE ON A CURVE TO THE LEFT HAVING A RADIUS OF 460.00 FEET, A CHORD BEARING OF N 01°38'03" W, A CHORD DISTANCE OF 194.34 FEET, AN ARC DISTANCE OF 195.81 FEET;

THENCE CONTINUING ALONG SAID WESTERLY RIGHT-OF-WAY LINE, N 27°59'04" W A DISTANCE OF 118.61 FEET;

THENCE N 82°08'41" E A DISTANCE OF 370.84 FEET TO A POINT ON SAID EASTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 77;

THENCE S 00°47'20" E ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 217.74 FEET;

THENCE CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, S 24°27'16" E A DISTANCE OF 184.60 FEET TO A POINT OF INTERSECTION OF SAID EASTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 77 WITH THE NORTHERLY RIGHT-OF-WAY LINE OF GOLDENBELT BOULEVARD;

JLN\600365.025\TIF INDENTURE (6-29-12)

THENCE N 65°32'44" E ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF GOLDENBELT BOULEVARD, A DISTANCE OF 172.73 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 634.14 FEET, A CHORD BEARING OF N 85°55'01" E, A CHORD DISTANCE OF 441.49 FEET, AN ARC DISTANCE OF 450.93 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, N 41°15'21" E A DISTANCE OF 97.98 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 724.14 FEET, A CHORD BEARING OF S 58°58'44" E, A CHORD DISTANCE OF 287.73 FEET, AN ARC DISTANCE OF 289.66 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, S 14°45'04" W A DISTANCE OF 80.29 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 654.14 FEET, A CHORD BEARING OF S 31°51'00" E, A CHORD DISTANCE OF 280.83 FEET, AN ARC DISTANCE OF 283.04 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, S 19°27'16" E A DISTANCE OF 273.35 FEET TO THE POINT OF BEGINNING.
CONTAINS 26.22 ACRES, MORE OR LESS.
END OF DESCRIPTION

SCHEDULE I

CITY AND COUNTY SALES TAX PERCENTAGES

Calendar Year	AMOUNT OF INCREMENT CAPTURED ON TAXABLE SALES TAX BASE OF:		
	0% of the First	100% of the Next	75% of Amounts Over
2013	11,400,000	3,600,000	15,000,000
2014	11,400,000	4,600,000	16,000,000
2015	11,400,000	5,600,000	17,000,000
2016	11,400,000	6,600,000	18,000,000
2017	11,400,000	7,600,000	19,000,000
2018	11,400,000	8,000,000	19,400,000
2019	11,400,000	8,350,000	19,750,000
2020	11,400,000	8,750,000	20,150,000
2021	11,400,000	9,150,000	20,550,000
2022	11,400,000	9,600,000	21,000,000
2023	11,400,000	10,000,000	21,400,000
2024	11,400,000	10,450,000	21,850,000
2025	11,400,000	10,850,000	22,250,000
2026	11,400,000	11,300,000	22,700,000
2027	11,400,000	11,750,000	23,150,000
2028	11,400,000	12,200,000	23,600,000
2029	11,400,000	12,700,000	24,100,000
2030	11,400,000	13,200,000	24,600,000
2031	11,400,000	13,650,000	25,050,000
2032	11,400,000	14,150,000	25,550,000

TAX COMPLIANCE AGREEMENT

Dated as of August 1, 2012

Among

CITY OF JUNCTION CITY, KANSAS,

RICHARD L. EDWARDS,

And

**SECURITY BANK OF KANSAS CITY,
as Trustee**

**\$3,665,000
Special Obligation Revenue Bonds
(Dick Edwards Auto Plaza Project)
Series 2012**

TAX COMPLIANCE AGREEMENT

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Exhibit A - Debt Service Schedule and Proof of Bond Yield

Exhibit B - IRS Form 8038 G

Attachment to Form 8038G

Exhibit C - Resolution of Official Intent

Exhibit D - Description of Property Comprising the Financed Facility

Exhibit E - Form of Annual Compliance Checklist

Exhibit F - Sample Form of Final Written Allocation

Exhibit G - Expenditures Reimbursed from Bond Proceeds

* * *

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “Tax Agreement”), entered into as of August 1, 2012, between **CITY OF JUNCTION CITY, KANSAS**, a municipal corporation and political subdivision organized and existing under the laws of the State of Kansas (the “City”), **RICHARD L. EDWARDS** (“Developer”), and **SECURITY BANK OF KANSAS CITY**, a state banking corporation duly national banking association duly organized and validly existing under the laws of the State of Kansas, as trustee (the “Trustee”);

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the City of \$3,665,000 principal amount of Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project), Series 2012 (the “Bonds”), under a Bond Trust Indenture dated as of August 1, 2012 (the “Indenture”) between the City and the Trustee, for the purposes described in this Tax Agreement and in the Indenture.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and Investment of the Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which the interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The City, the Developer and the Trustee are entering into this Tax Agreement in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the Investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

4. The City adopted a Tax and Securities Compliance Policy and Procedure on July 3, 2012 (the “Tax Compliance Procedure”), for the purpose of setting out general procedures for the City to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations. This Tax Agreement is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Bonds.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the City, the Developer and the Trustee represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Indenture, and certain other words and phrases

have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Agreement have the following meanings:

“Adjusted Gross Proceeds” means the Gross Proceeds of the Bonds reduced by amounts (1) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (2) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (3) representing grant repayments or sale or Investment proceeds of any purpose Investment.

“Available Construction Proceeds” means the sale proceeds of the Bonds, increased by (1) Investment earnings on the sale proceeds, (2) earnings on amounts in a reasonably required reserve or replacement fund allocable to the Bonds but not funded from the Bonds, and (3) earnings on such earnings, reduced by sale proceeds (A) in any reasonably required reserve fund or (B) used to pay issuance costs of the Bonds. But Available Construction Proceeds do not include Investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (a) the second anniversary of the Issue Date or (b) the date the Financed Facility is substantially completed.

“Bona Fide Debt Service Fund” means a fund, which may include Bond proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or **“Bonds”** means any Bond or Bonds described in the recitals, authenticated and delivered under the Indenture.

“Bond Compliance Officer” means the City’s Finance Officer, or other person named in the Tax Compliance Procedure.

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the City.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending August 1, or another one-year period selected by the City.

“City” means City of Junction City, Kansas and its successors and assigns, or any body, agency or instrumentality of the State of Kansas succeeding to or charged with the powers, duties and functions of the City.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Date” means each date on which arbitrage rebate for the Bonds is computed. The City may treat any date as a Computation Date, subject to the following limits:

- (a) the first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;
- (b) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and

(c) the date the last Bond is discharged is the final Computation Date.

The City selects August 1, 2017 as the first Computation Date, but reserves the right to select a different date consistent with the Regulations.

“Developer” means Richard L. Edwards and any successors and assigns.

“Final Written Allocation” means the Final Written Allocation of expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)** hereof, a sample form of which is attached as **Exhibit F**.

“Financed Facility” means the portion of the Project being financed with the proceeds of the Bonds, as described on **Exhibit D**.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the City from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, and (e) any other replacement proceeds. Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds and accounts:

- (1) Project Fund.
- (2) Costs of Issuance Fund.
- (3) Debt Service Fund, and therein the Special Redemption Account and the Capitalized Interest Account.
- (4) Revenue Fund.
- (5) Debt Service Reserve Fund
- (6) Rebate Fund (to the extent funded with sale proceeds or Investment proceeds of the Bonds).

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Indenture” means the Trust Indenture as originally executed by the City and the Trustee, as amended and supplemented in accordance with the provisions of the Indenture.

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means August 1, 2012.

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the

primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services), however, are not treated as Management Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (a) the Issue Date or (b) the date the property is placed in service and ending on the earlier of (1) the final maturity date of the Bonds or (2) the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Bonds.

“Net Proceeds” means the sale proceeds of the Bonds (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Bond proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Bond proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Opinion of Bond Counsel” means the written opinion of Gilmore & Bell, P.C. or other nationally recognized firm of bond counsel concluding that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“Original Purchaser” means Farmers & Merchants Bank of Colby, Colby, Kansas, as original purchaser of the Bonds.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Bonds, the use of the Financed Facility and the investment of Gross Proceeds that apply after the Issue Date of the Bonds.

“Project” means all of the property being acquired, developed, constructed, renovated, and equipped by using Bond proceeds and other money contributed by the City or the Developer, and specifically, the acquisition of approximately 12 acres of land at the intersection of Goldenbelt Boulevard and US Highway 77, and the development by the Developer of an approximately 45,000 square foot auto dealership, repair and maintenance facility, and private and adjacent public improvements necessary to service such, as described on **Exhibit D**.

“Proposed Regulations” means the proposed arbitrage regulations REG 106143-07(published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

“Qualified Use Agreement” means any of the following:

(1) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the City’s governmental purposes.

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(3) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (a) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (b) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (c) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(4) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Reasonable Retainage” means Gross Proceeds retained by the City for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the Bonds on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

“Regulations” means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

“Tax Agreement” means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

“Tax Compliance Procedure” means the City’s Tax and Securities Compliance Policy and Procedure, dated as of July 3, 2012, as amended and supplemented in accordance therewith.

“Tax-Exempt Bond File” means documents and records for the Bonds, maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

“Tax Revenues” means, collectively, the Property Tax Revenues and the Sales Tax Revenues (each as defined in the Indenture), representing revenues derived from “generally applicable taxes,” within the meaning of Regulations § 1.141-4(e).

“Transcript” means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

“Trustee” means Security Bank of Kansas City, and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as Trustee under the Indenture.

“Yield” means Yield on the Bonds, computed under Regulations § 1.148-4, and Yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the City. The City represents and covenants as follows:

(a) *Organization and Authority.* The City (1) is a municipal corporation organized and existing under the laws of the State of Kansas, and (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, the Bonds, and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Indenture, the Bonds, and this Tax Agreement, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Bonds—General Representation and Covenants.* In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the City (1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code; (2) will not use or invest, or permit the use or Investment of, any Bond proceeds, other money held under the Indenture, or other funds of the City, in a manner that would violate applicable provisions of the Code; and (3) will not use, or permit the use of, any portion of the Financed Facility in a manner that would cause any Bond to become a “private activity bond” as defined in Code § 141.

(c) *Governmental Obligations—Use of Proceeds.* More than 10% of the proceeds of the Financed Facility may be used in a Non-Qualified Use. However, for the reasons set forth in Section 2.1(d) below, the Bonds will not meet the private security or payment test of Code § 141(b)(2).

(d) *Governmental Obligations—Private Security or Payment – No Impermissible Agreements.*

(1) In General. As of the Issue Date, the City expects that none of the principal of and interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

(A) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or

(B) derived from payments (whether or not such payments are made to the City) in respect of property, or borrowed money, used or to be used for a private business use.

(2) Tax Revenues. For purposes of the this subsection (d), taxes of general application, including Tax Revenues, are not treated as private payments or as private security. Tax Revenues will be the primary source of repayment of the Bonds. Tax Revenues are generally applicable taxes because each is an enforced contribution exacted pursuant to legislative authority as part of the taxing power, is imposed and collected for the purpose of raising revenue to be used for governmental purposes, has a uniform rate of collection that applies to all persons of the same classification in the appropriate jurisdiction and has a generally applicable manner of collection and determination. No taxpayer has entered into any “impermissible agreement” relating to the payment of Tax Revenues, which generally includes any agreement described in Regulations § 1.141-4(e)(4)(ii), including the following:

(A) An agreement to be personally liable for a tax that does not impose personal liability.

(B) An agreement to provide additional credit support such as a guaranty or to pay unanticipated shortfalls in tax collections.

(C) An agreement as to the minimum market value of property subject to a property tax.

(D) An agreement not to challenge or to seek deferral of a tax.

(E) Any similar agreement that causes a tax to fail to have a generally applicable manner of determination or collection.

(3) City’s Covenant. The City will not permit any private security or payment with respect to the Bonds without first obtaining an Opinion of Bond Counsel.

(e) *No Private Loan*. Not more than 5% of the Net Proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.

(f) *Management Agreements*. As of the Issue Date, the City has no Management Agreements with Non-Qualified Users. During the Measurement Period the City will not enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(g) *Leases*. As of the Issue Date, the City has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements. During the Measurement Period, the City will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first obtaining an Opinion of Bond Counsel.

(h) *Limit on Maturity of Bonds*. A list of the assets included in the Financed Facility and a computation of the “average reasonably expected economic life” is attached to this Tax Agreement as **Exhibit D**. Based on this computation, the “average maturity” of the Bonds of _____ years, as computed by Bond Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Facility.

(i) *Reimbursement of Expenditures.* On September 30, 2008, the City adopted an ordinance declaring the City's "official intent" (within the meaning of Regulations § 1.150-2) to finance the Project with tax-exempt bonds and to reimburse the City or the Developer for Project expenditures made prior to the issuance of those bonds, a copy of which resolution is attached to this Tax Certificate as **Exhibit C**. The City expects to reimburse from Bond proceeds expenditures made for the Project prior to the Issue Date totaling approximately \$_____, a list of which expenditures is shown on **Exhibit G**; provided that, (1) no Bond proceeds will be used to reimburse an expenditure paid by the City more than 60 days prior to the date the City adopted the resolution attached as **Exhibit C** (September 30, 2008), (2) no reimbursement allocation will be made for an expenditure made more than three years before the date of the reimbursement allocation, and (3) no reimbursement allocation will be made more than 18 months following the later of the date of the expenditure or the date the Financed Facility is placed in service.

(j) *Registered Bonds.* The Indenture requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(k) *Bonds Not Federally Guaranteed.* The City will not take any action or permit any action to be taken which would cause any Bond to be "federally guaranteed" within the meaning of Code § 149(b).

(l) *IRS Form 8038-G.* Bond Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the City contained in this Tax Agreement or otherwise provided by the City. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the City for execution and for the City's records. The City agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the Form 8038-G filed with the IRS, along with proof of filing, will be included as **Exhibit B**.

(m) *Hedge Bonds.* Based on the representations of the Developer, the City expects that at least 85% of the net sale proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within three years after the Issue Date, and not more than 50% of the proceeds of the Bonds will be invested in Investments having a substantially guaranteed Yield for four years or more.

(n) *Compliance with Future Tax Requirements.* The City understands that the Code and the Regulations may impose new or different restrictions and requirements on the City in the future. The City will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(o) *Single Issue; No Other Issues.* The Bonds constitute a single "issue" under Regulations § 1.150-1(c). No other debt obligations of the City (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).

(p) *Interest Rate Swap.* As of the Issue Date, the City has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds. The City will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(q) *Guaranteed Investment Contract.* As of the Issue Date, the City does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The City will be responsible for complying Section 4.3(d) if it decides to enter into a Guaranteed Investment Contract at a later date.

(r) *Bank Qualified Tax-Exempt Obligation.* The City designates the Bonds as “qualified tax-exempt obligations” under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) the City reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the City (and all subordinate entities of the City) during the calendar year that the Bonds are issued, including the Bonds, will not exceed \$10,000,000; and

(2) the City (including all subordinate entities of the City) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Bonds are issued, including the Bonds, in an aggregate principal amount or aggregate issue price in excess of \$10,000,000, without first obtaining an Opinion of Bond Counsel that the designation of the Bonds as “qualified tax-exempt obligations” will not be adversely affected.

Section 2.2. Representations and Covenants of the Developer. The Developer represents and covenants as follows:

(a) The Developer will assist the City in complying with this Tax Agreement, including without limitation, submitting to the Trustee disbursement requests from the Project Fund to pay or as reimbursement for payment of Project costs, providing to the City, upon the City’s written request, a copy of each written disbursement request from the Project Fund submitted to the Trustee to pay or as reimbursement for payment of Project costs, and cooperating with the City regarding any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedures (VCAP).

(b) The Developer has no knowledge that would cause it to believe that the representations, warranties and certifications of the City described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 2.3. Representations and Covenants of the Trustee. The Trustee represents and covenants as follows:

(a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or opinion of Bond Counsel, specifically referencing the Bonds and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(b) The Trustee, acting on behalf of the City, may from time to time cause a firm of attorneys, consultants or independent accountants or an Investment banking firm to provide the Trustee with such information as it may request in order to determine all matters relating to (a) the Yield on the Bonds as it relates to any data or conclusions necessary to verify that the Bonds are not “arbitrage bonds” within the meaning of Code § 148, and (b) compliance with arbitrage rebate requirements of Code

§ 148(f). The City will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.4. Survival of Representations and Covenants. All representations, covenants and certifications of the City, the Developer and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the City, the Developer or the Trustee under this Tax Agreement, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article III is to certify, under Regulations § 1.148-2(b), the City's expectations as to the sources, uses and Investment of Bond proceeds and other money, in order to support the City's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the City is an officer of the City responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article III are based upon and in reliance upon the City's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the City's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the City set forth in this Tax Agreement are reasonable. The City has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purpose of Financing. The Bonds are being issued for the purpose of providing funds to acquire and construct the Project.

Section 3.4. Funds and Accounts. The following funds and accounts have been established under the Indenture:

- (a) Project Fund
- (b) Costs of Issuance Fund
- (c) Debt Service Fund, and therein the Capitalized Interest Account and the Special Redemption Account
- (d) Revenue Fund
- (e) Debt Service Reserve Fund
- (f) Rebate Fund

Section 3.5. Amount and Use of Bond Proceeds and Other Money.

(a) *Amount of Bond Proceeds.* The total proceeds to be received by the City from the sale of the Bonds will be as follows:

Principal Amount	\$3,665,000.00
Accrued interest	<u>0.00</u>
Total Proceeds Received by City	\$3,665,000.00

(b) *Use of Bond Proceeds.* The Bond proceeds are expected to be allocated to expenditures as follows:

(1) \$366,500 will be deposited in the Capitalized Interest Account and used to pay capitalized interest on the Bonds.

(2) \$193,300 will be deposited in the Costs of Issuance Fund and used to pay costs of issuing the Bonds.

(2) \$3,105,200 will be deposited in the Project Fund and used to pay or reimburse costs of the Financed Facility.

Section 3.6. Multipurpose Issue. The City is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes pursuant to Regulations § 1.148-9(h)(3)(i).

Section 3.7. No Advance Refunding. No proceeds of the Bonds will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.8. No Current Refunding. No proceeds of the Bonds will be used to pay principal or interest on any other debt obligation.

Section 3.9. Project Completion. Based on the representations of the Developer, the City expects (a) to incur, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Bonds on the Financed Facility, (b) that the completion of the Financed Facility and the allocation of the Net Proceeds of the Bonds to expenditures will proceed with due diligence and (c) that at least 85% of the Net Proceeds of the Bonds will be allocated to expenditures on the Financed Facility within three years after the Issue Date.

Section 3.10. Sinking Funds. The City is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. Such payments will be deposited into the Debt Service Fund. Except for the Debt Service Fund, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds has been established or is expected to be established. The Debt Service Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the City expects that the Debt Service Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* The Indenture establishes the Debt Service Reserve Fund to be funded from sources other than Bond proceeds, as provided in Section 5.02 of the Indenture, in an amount equal to the lesser of (1) \$800,000 or (2) twice the maximum annual debt service requirements on the Bonds for the current calendar year or any remaining calendar year (the “Debt Service Reserve Requirement”). Any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement will be transferred to the Debt Service Fund.

(b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead has been or will be used to acquire higher Yielding Investments. Except for the Debt Service Fund, the Debt Service Reserve Fund and the Revenue Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the City encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.13. Purchase Price and Yield on Bonds.

(a) *Purchase Price.* In the Original Purchaser's Receipt and Representation, the Original Purchaser certified that it has purchased the Bonds for its own account, has not acted as agent for any person or entity and, as of the Issue Date, has not sold and has no present intention to sell the Bonds to any person. The aggregate purchase price of the Bonds is \$3,665,000.

(b) *Bond Yield.* Based on the purchase price, the Yield on the Bonds is _____%, as computed by Bond Counsel as shown on **Exhibit A**. The City has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.14. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Bonds, together with expected Investment earnings thereon and other money contributed by the City, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the City does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS POLICIES AND PROCEDURES

Section 4.1. General.

(a) *Purpose of Article.* The purpose of this **Article IV** is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements for the Bonds that apply after the Bonds are issued. The City recognizes that the interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The City further acknowledges that written evidence substantiating

compliance with the Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that the interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.

(b) *Written Policies and Procedures of the City.* The City intends for the Tax Compliance Procedure, as supplemented by this Tax Agreement, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bonds and to supplement any other formal policies and procedures related to the Post-Issuance Tax Requirements that the City has established. The provisions of this Tax Agreement are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern.

(c) *Future Action.* The City will, when necessary to fulfill its Post-Issuance Tax Requirements, sign Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participate in any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations § 1.141-12. In each case, all costs and expenses incurred by the City shall be treated as a reasonable cost of administering the Bonds, and the City shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Indenture or State law.

Section 4.2. Record Keeping; Use of Bond Proceeds and Use of Financed Facility.

(a) *Record Keeping.* The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Bonds in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of the Bonds or any obligation issued to refinance the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the City and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the City's premises.

(b) *Accounting and Allocation of Bond Proceeds to Expenditures.* The Bond Compliance Officer will account for the investment and expenditure of Bond proceeds in the level of detail required by the Tax Compliance Procedure. The expected allocation of Bond proceeds to expenditures is set forth on **Exhibit D**. The Bond Compliance Officer will supplement this expected allocation with a Final Written Allocation as required by the Tax Compliance Procedure, a sample form of which is attached as **Exhibit F**.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a form of Annual Compliance Checklist for the Bonds. Following the placed-in-service date of the Project, the Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Facility at least annually, in accordance with the Tax Compliance Procedure. In the event the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Agreement, the Bond Compliance Officer will take the actions identified in an Opinion of Bond Counsel or **Section 4.4** of the Tax Compliance Procedure to correct any deficiency.

(d) *Opinions of Bond Counsel.* The Bond Compliance Officer is responsible for obtaining and delivering to the City and the Trustee any Opinion of Bond Counsel required under the provisions of this Tax Agreement, including any Opinion of Bond Counsel required by this Tax Agreement or the Annual Compliance Checklist.

Section 4.3. Temporary Periods/Yield Restriction. Except as described below, the City will not invest Gross Proceeds at a Yield greater than the Yield on the Bonds:

(a) *Project Fund; Costs of Issuance Fund.* Bond proceeds deposited in the Project Fund or Costs of Issuance Fund, and investment earnings on those proceeds, may be invested without Yield restriction for up to 3 years following the Issue Date. If any unspent proceeds remain in the Project Fund or the Costs of Issuance Fund after 3 years, those amounts may continue to be invested without Yield restriction so long as the City pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c).

(b) *Debt Service Fund – Special Redemption Account, Capitalized Interest Account.* To the extent that the Debt Service Fund, the Special Redemption Account and the Capitalized Interest Account, in the aggregate, qualify as a Bona Fide Debt Service Fund, money in such accounts may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

(c) *Debt Service Reserve Fund.* Amounts in the Debt Service Reserve Fund may be invested as follows:

(1) Money in the Debt Service Reserve Fund may be invested without Yield restriction up to the least of (1) 10% of the stated principal amount of the Bonds, (2) the maximum annual principal and interest requirements on the Bonds (determined as of the Issue Date), or (3) 125% of the average annual principal and interest requirements on the Bonds (determined as of the Issue Date).

(2) Money in the Debt Service Reserve Fund in excess of the least of the three measures discussed in paragraph (1) above may be invested without Yield restriction, but only to the extent of 15% of the stated principal amount of the Bonds, so long as the City pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c).

(3) Money in Debt Service Reserve Fund in excess of 15% of the stated principal amount of the Bonds may not be invested at a Yield greater than the Yield on the Bonds.

(d) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the

Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The City is applying Regulations § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The City or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City, the Trustee, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the City, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are "commercially reasonable." A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the City's reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(G) At least three “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(A) At least three bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least one of the three bids received is from a reasonably competitive provider, as defined above.

(C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest Yielding bona fide bid (determined net of any broker’s fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The City and the Trustee retain the following records with the bond documents until three years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the City or the Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments.* If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least three bids on the Investment must be received from persons with no financial interest in the Bonds (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Certain Gross Proceeds Exempt from the Rebate Requirement.

(a) *General.* A portion of the Gross Proceeds of the Bonds may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Bonds and will not otherwise affect the application of the Investment limitations described in **Section 4.3**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** applies even if a portion of the Gross Proceeds of the Bonds is exempt from the rebate requirement. To the extent all or a portion of the Bonds is exempt from rebate, the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6**. The City may defer the final rebate Computation Date and the payment of rebate for the Bonds to the extent permitted by Regulations § 1.148-7(b)(1) and § 1.148-3(e)(2) but only in accordance with specific written instructions provided by the Rebate Analyst.

(b) *Applicable Spending Exceptions.*

(1) The City expects that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the City.

(2) The following optional rebate spending exceptions can apply to the Bonds:

- (A) 6-month Exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c))
- (B) 18-month Exception (Regulations § 1.148-7(d)).
- (C) 2-year Exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the City may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the City must continue to comply with **Section 4.6** hereof.

(e) *Bona Fide Debt Service Fund.* To the extent that the Debt Service Fund, the Special Redemption Account and the Capitalized Interest Account, in the aggregate, qualify as a Bona Fide Debt Service Fund, Investment earnings therein cannot be taken into account in computing arbitrage rebate.

(f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay principal of any Bonds is not taken into account as expenditure for purposes of meeting any of the spending tests.

(2) The six-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent within six months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial six-month period, so long as this amount is spent within one year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Adjusted Gross Proceeds Spent
6 months	15%
12 months	60%
18 months (Final)	100%

(4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Available Construction Proceeds Spent
6 months	10%
12 months	45%
18 months	75%
24 months (Final)	100%

(5) For purposes of applying the 18-month and 2 year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the City uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price the Bonds or \$250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and 2 year spending exceptions only, the Bonds meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months (in the case of the 18-month exception) or 3 years (in the case of the 2 year spending test) after the Issue Date.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) *Computation of Rebate Amount.* The Trustee will provide the Rebate Analyst Investment reports relating to the funds and accounts held by the Trustee at such times as reports are provided to the City, and not later than ten days following each Computation Date. The City will provide the Rebate

Analyst with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Bond Year and not later than ten days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Bonds, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Trustee and the City together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the City will, within 55 days after such Computation Date, pay the amount of the deficiency for deposit into the Rebate Fund. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is greater than the Rebate Amount the City will transfer such surplus in the Rebate Fund to the Debt Service Fund. After the final Computation Date or at any other time if the Rebate Analyst has advised the City, any money left in the Rebate Fund will be paid to the City and may be used for any purpose not prohibited by law.

(b) *Rebate Payments.* Within 60 days after each Computation Date, the Trustee must pay (but solely from amounts in the Rebate Fund or otherwise provided by the City) to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

Section 4.7. Successor Rebate Analyst. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the City desires that a different firm act as the Rebate Analyst, then the City by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and the City fails to appoint a qualified successor Rebate Analyst within thirty (30) days following notice of such resignation then the Trustee will appoint a firm to act as the successor Rebate Analyst.

Section 4.8. Filing Requirements. The Trustee and the City will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

Section 4.9. Survival after Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of **Section 4.6** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions of **Section 4.2** hereof relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any of the Bond owners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then-existing law, assuming compliance with this Tax Agreement as so amended such amendment will not cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the City, the Developer and the Trustee receive this Opinion of Bond Counsel.

Section 5.3. Opinion of Bond Counsel. The City, the Developer and the Trustee may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Bond Counsel addressed to each of them to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The City, the Developer and the Trustee will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

Section 5.4. Reliance. In delivering this Tax Agreement, the City, the Developer and the Trustee are making only those certifications, representations and agreements as are specifically attributed to each in this Tax Agreement. None of the City, the Developer or the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties to this Tax Agreement understand that their certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.5. Severability. If any provision in this Tax Agreement or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Agreement is binding upon the City, the Developer and the Trustee and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Bonds. Nothing in this Tax Agreement or in the Indenture or the Bonds, express or implied, gives to any person, other than the parties to this Tax Agreement and their successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement.

Section 5.7. Default; Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement may be pursued by the Bond owners or the other party or parties to this Tax Agreement pursuant to the terms of the Indenture or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

Section 5.8. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Kansas.

Section 5.10. Electronic Transactions. The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be stored, by electronic means.

[balance of this page left blank intentionally]

The parties to this Tax Agreement have caused this Tax Compliance Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Bonds.

CITY OF JUNCTION CITY, KANSAS

By: _____
Pat Landes, Mayor

RICHARD L. EDWARDS

By: _____

SECURITY BANK OF KANSAS CITY, as Trustee

By: _____
Matt McLaughlin, Vice President

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF BOND YIELD

EXHIBIT B

IRS FORM 8038-G

ATTACHMENT TO IRS FORM 8038-G:

\$3,665,000
City of Junction City, Kansas
Special Obligation Revenue Bonds
(Dick Edwards Auto Plaza Project)
Series 2012

PART II: Type of Issue

Form 8038-G Line Number	User Name	Employer Identification Number	Governmental or Nongovernmental Entity
18	Richard L. Edwards		Nongovernmental
	Summary of Use: Public improvements for redevelopment project, including storm water, sewer, transportation and other public infrastructure improvements.		

EXHIBIT C

RESOLUTION OF OFFICIAL INTENT

EXHIBIT D

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY

EXHIBIT E**FORM OF ANNUAL COMPLIANCE CHECKLIST**

Name of tax-exempt obligations (the “Bonds”) financing Financed Asset:	\$3,665,000 City of Junction City, Kansas Special Obligation Revenue Bonds (Dick Edwards Auto Plaza Project) Series 2012
Issue Date of Bonds:	August 1, 2012
Name of Bond Compliance Officer:	
Period covered by request (“Annual Period”):	

Item	Question	Response
1. Rebate Calculations	Has the City obtained required rebate calculations for the Bonds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, include a copy in the Tax-Exempt Bond File, if No; consult with the Rebate Analyst and include all correspondence in the Tax-Exempt Bond File.	
2. Private Use	Other than pursuant to the Redevelopment Agreement, has the City transferred ownership of any portion of the Project or leased or otherwise made available any portion of the Project to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, consult with Bond Counsel and include correspondence – including any Written Opinion of Bond Counsel – in the Tax-Exempt Bond File.	
3. Private Security or Payment	Has the City entered into any agreement or arrangement with any entity whereby the entity pays for the use of any portion of the Financed Facility or agrees to provide security for the Bonds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, consult with Bond Counsel and include correspondence – including any Written Opinion of Bond Counsel – in the Tax-Exempt Bond File.	

Signature, Name and Title of Person Completing Questionnaire:

Printed Name:
Title:
Date Completed:

EXHIBIT F

SAMPLE FORM OF FINAL WRITTEN ALLOCATION

\$3,665,000

**City of Junction City, Kansas
Special Obligation Revenue Bonds
(Dick Edwards Auto Plaza Project)
Series 2012**

The undersigned is the [[Bond Compliance Officer or other title]] of the CITY OF JUNCTION CITY, KANSAS (the “City”), and in that capacity is authorized to execute federal income tax returns required to be filed by the City and to make appropriate elections and designations regarding federal income tax matters on behalf of the City. This allocation of the proceeds of the tax-exempt obligations referenced above (the “Bonds”) is necessary for the City to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Bond proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the “Code”). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the City or, if later, the date the “project” was “placed in service” (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Bonds.

Background. The Bonds were issued on August 1, 2012 (the “Issue Date”), by the City under a Bond Trust Indenture, dated as of August 1, 2012 (the “Indenture”), between the City and Security Bank of Kansas City, as trustee, in order to provide funds, along with other funds contributed by Richard L. Edwards (the “Developer”), for the acquisition of approximately 12 acres of land at the intersection of Goldenbelt Boulevard and US Highway 77, and the development by the Developer of an approximately 45,000 square foot auto dealership, repair and maintenance facility, and private and adjacent public improvements necessary to service such(collectively, the “Project”). Proceeds of the Bonds were deposited in the following funds and accounts created under the Indenture:

Project Fund,
Costs of Issuance Fund,
Capitalized Interest Account in the Debt Service Fund, and
Debt Service Reserve Fund

Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs. Project costs were paid from sale and investment proceeds of the Bonds, and other amounts paid by the Developer, as shown on **Exhibit A** to this Final Written Allocation.

Identification of Financed Assets. The portions of the Project financed from Bond proceeds (i.e., the “Financed Facility” referenced in the Tax Compliance Agreement) are listed on page 1 of **Exhibit B** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the City allocates the Bond proceeds to the various expenditures described in the invoices, requisitions or other substantiation attached as **Exhibit B** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the City or the

Developer for an amount previously paid or incurred. Amounts allocated to interest expense, including amounts in the Capitalized Interest Account in the Debt Service Fund, are treated as paid on the applicable debt service payment date.

Placed In Service. The Project was “placed in service” on the date set out on **Exhibit B** to this Final Written Allocation. For this purpose, the assets are considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (1) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (2) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The City reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

CITY OF JUNCTION CITY, KANSAS

By: _____
Title: _____

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

EXHIBIT G

EXPENDITURES REIMBURSED FROM BOND PROCEEDS

Backup material for agenda item:

- b. Consideration of Ordinance G-1115 eliminating the requirement for second reading of ordinances on final reading.

City of Junction City

City Commission

Agenda Memo

August 7, 2012

From: Katie Logan, City Attorney

To: City Commission & Gerry Vernon, City Manager

Subject: Ordinance G-1115 amending Section 105.170 of City Code requiring two readings of ordinances.

Objective: Consideration Ordinance G-1115 amending the City Code provisions requiring two readings of ordinances.

Explanation of Issue: In the last legislative session, a HB 2166 was passed which eliminated the requirement for two readings of ordinances in Commission Cities of the First Class.

Because section 105.170 the City Code of Junction City mirrors the former state statute, in order to eliminate the requirement for two readings of ordinances, it is necessary to amend the City Code.

The attached Ordinance G-1115 eliminates the language which was also eliminated in HB 2166.

A marked version of Section 105.170 showing the changes made by Ordinance G-1115 is attached.

Budget Impact: None

Alternatives:

1. Approve Ordinance G-1115
2. Disapprove Ordinance G-1115
3. Table the request.

Recommendation: Approve Ordinance G-1115

Suggested Motion:

Move to Approve Ordinance G-1115

Enclosures:

Ordinance G-1115

Marked Version of Section 105.170 to show changes

HB 2166

SECTION 105.170: - PASSING OF ORDINANCES

A. All ordinances shall be considered at a public meeting of the Commission, except as otherwise herein provided or where a ~~Statute~~ statute provides a different procedure for an ordinance for a specific purpose; ~~provided, that no ordinance other than one providing for the appropriation of funds, shall be passed finally on the day it is introduced, except in the case of public emergencies, and then only when requested by the Mayor in writing, but no ordinance granting a franchise or special privilege shall ever be passed as an emergency measure.~~

B. After presentation and amendment, if any, of the ordinance, the question shall be: "Shall the ordinance pass?" The vote on the final passage of an ordinance shall be taken by "yeas" and "nays", which shall be entered on the journal by the Clerk; and no ordinance shall be valid unless a majority of, or otherwise required by law, the members of the Commission vote in favor thereof; provided however, that no ordinance shall contain more than one (1) subject, which shall be clearly expressed in its title, and no section or sections shall be revised or amended unless the amending ordinance contains the entire section revised, and the section or sections amended shall be repealed.

Comparison Details	
Title	pdfDocs compareDocs Comparison Results
Date & Time	7/30/2012 12:53:09 PM
Comparison Time	0.55 seconds
compareDocs version	v3.4.2.19

Sources	
Original Document	[#19114451] [v1] 105.170 marked to show changes.docx
Modified Document	[#19114451] [v2] 105.170 marked to show changes.docx

Comparison Statistics	
Insertions	1
Deletions	2
Changes	1
Moves	0
TOTAL CHANGES	4

Word Rendering Set Markup Options	
Name	Standard
<u>Insertions</u>	
Deletions	
<u>Moves</u> / Moves	
Inserted cells	
Deleted cells	
Merged cells	
Formatting	Color only.
Changed lines	Mark left border.
Comments color	ByAuthor
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after Saving	General	Always
Report Type	Word	Formatting
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	False
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	False
Summary Report	Word	End
Include Change Detail Report	Word	Separate

Document View	Word	Print
Remove Personal Information	Word	False

ORDINANCE NO. G-1115

AN ORDINANCE RELATING TO ADMINISTRATION BY AMENDING SECTION 600.230 ENTITLED "PASSING OF ORDINANCES" OF ARTICLE II, ENTITLED "COMMISSION MEETINGS," OF CHAPTER 105, ENTITLED "ADMINISTRATION," OF TITLE I, ENTITLED "GOVERNMENT CODE" OF THE CODE OF ORDINANCES OF THE CITY OF JUNCTION CITY, KANSAS.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF JUNCTION CITY, KANSAS:

SECTION 1. Section 105.170 of Article II of Chapter 105 of Title I the Code of Ordinances of the City of Junction City, Kansas is amended by deleting the existing Section 105.170 and substituting therefore the following new Section 105.170 to read as follows:

SECTION 105.170: - PASSING OF ORDINANCES

A. All ordinances shall be considered at a public meeting of the Commission, except as otherwise herein provided or where a statute provides a different procedure for an ordinance for a specific purpose.

B. After presentation and amendment, if any, of the ordinance, the question shall be: "Shall the ordinance pass?" The vote on the final passage of an ordinance shall be taken by "yeas" and "nays", which shall be entered on the journal by the Clerk; and no ordinance shall be valid unless a majority of, or otherwise required by law, the members of the Commission vote in favor thereof; provided however, that no ordinance shall contain more than one (1) subject, which shall be clearly expressed in its title, and no section or sections shall be revised or amended unless the amending ordinance contains the entire section revised, and the section or sections amended shall be repealed.

SECTION 2. This Ordinance shall be in full force and effect from and after its publication as required by law.

PASSED by the Governing Body of the City of Junction City on _____ 2012 and signed by the Mayor.

Pat Landes, Mayor

ATTEST:

Tyler Ficken, City Clerk

SUBSTITUTE FOR HOUSE BILL No. 2166

AN ACT concerning cities; relating to the publication of certain ordinances;
amending K.S.A. 12-3001 and 12-3007 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 12-3001 is hereby amended to read as follows: 12-3001. All ordinances of a city shall be considered at a public meeting of the governing body except as otherwise herein provided or where a statute provides a different procedure for an ordinance for a specific purpose. ~~Provided, That in commission cities of the first class no ordinance other than one providing for the appropriation of funds, shall be passed finally on the day it is introduced, except in the case of public emergencies, and then only when requested by the mayor in writing, but no ordinance granting a franchise or special privilege shall ever be passed as an emergency measure.~~

Sec. 2. K.S.A. 12-3007 is hereby amended to read as follows: 12-3007. (a) The city clerk shall cause all ordinances, except appropriation ordinances, as soon as practicable after they have been passed and signed, passed over the mayor's veto or will take effect without signature, to be published once in the official city newspaper, unless a statute requires more publications. Ordinances shall take effect the day of publication unless a different and later day is stated in the ordinance or otherwise specified by statute: *Provided*, That appropriation ordinances shall take effect upon passage. The publisher shall print in a line preceding the number of the ordinance a statement in parentheses as follows: (Published _____, 1920____), giving the month, day and year. The manner of publication and effective date of codifications shall be as herein after provided.

(b) *In lieu of full publication of an ordinance pursuant to this section, a city may opt to publish a summary of the ordinance so long as:*

(1) *The publication is identified as a "summary" and contains notice that the complete text of the ordinance may be obtained or viewed free of charge at the office of the city clerk;*

(2) *the city attorney certifies the summary of the ordinance prior to publication to ensure that the summary is legally accurate and sufficient; and*

(3) *the publication contains the city's official website address where a reproduction of the original ordinance is available for a minimum of one week following the summary publication in the newspaper.*

If an ordinance is subject to petition pursuant to state law, then the summary shall contain a statement that the ordinance is subject to petition.

Sec. 3. K.S.A. 12-3001 and 12-3007 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the
HOUSE, and passed that body

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.

Backup material for agenda item:

- a. Discussion of city owned building at 701 North Jefferson Street.

City of Junction City

City Commission

Agenda Memo

August 21, 2012

From: Gerry Vernon, City Manager
To: City Commission
Subject: City building at 701 North Jefferson

Objective: Seeking direction from the City Commission concerning the future use of the city owned building located at 701 North Jefferson after it is vacated by the Chamber of Commerce.

Explanation of Issue: The Chamber has announced that it will be locating in another building in the near future. The Junction City/Geary County Economic Development Commission has utilized the building since 2005 and the Chamber of Commerce since 2009. In a memorandum of understanding, the facility was provided by the City rent free including computer networking and connection to the Internet. The EDC and Chamber paid all other utilities and related costs.

Staff has developed a few options and is seeking direction on them or any additional options presented by the Commission. The current options are:

1. **Sell the building to private owner.** This option has the advantage of reducing the amount of city-owned property and getting it on the tax rolls per se. The disadvantage is liquidating one of our better assets in close proximity to City Hall.
2. **Add on to the building and move Municipal Court into it.** The expansion would include a dual purpose chambers for both municipal court and city commission meeting chambers. Our existing Municipal Court and City Commission facilities are inadequate and undersized. The existing court building presents flooding issues in the basement and does not provide safe and secure storage of court records. Our existing commission

chambers is not ADA compliant, has limited seating capacity, and its configuration does not provide adequate space for presentations. A great deal of the construction costs would be funded by the selling of the existing court building and parking lot.

3. **Retain the building as a new business incubator.** Many cities have small business incubators to provide low cost areas for new and upstart businesses. The program is to provide space for one or two years and then the new business would have to relocate and make it on their own. This building could be utilized by two or three small upstart businesses that eventually could move to the downtown or other locations to provide more employment options and economic benefits to the city and county.
4. **Retain the building for Arts Council.** Several years ago, it was contemplated to turn the 7th and Jefferson Street area into an arts district. Retaining this building and making it available for art purposes would solidify that vision.

Recommendation – Staff would recommend Option 2 that could possibly be programmed in two years or for the 2014 budget. A more conservative approach would be retain the building in some capacity for a few additional years to allow the city to become even more financially stable and then construct the new court building. At minimum, staff recommends keeping the building as a solid asset because it is structurally sound, energy efficient, in close proximity to city hall and provides future expansion options that are not apparent at this point.